



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

**Financial Statements and Federal Single Audit  
Report**

**Housing Authority of the City of  
Tacoma**

**Pierce County**

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

**Published September 28, 2017**

**Report No. 1019952**





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

September 28, 2017

Board of Commissioners  
Housing Authority of the City of Tacoma  
Tacoma, Washington

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

Please find attached our report on the Housing Authority of the City of Tacoma'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

**Housing Authority of the City of Tacoma  
Pierce County  
January 1, 2016 through December 31, 2016**

## SECTION I – SUMMARY OF AUDITOR’S RESULTS

The results of our audit of the Housing Authority of the City of Tacoma 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>
14.881	Moving to Work Demonstration Program
14.871	Housing Voucher Cluster – Section 8 Housing Choice Vouchers
14.258	TCAP – Tax Credit Assistance Program

The dollar threshold used to distinguish between Type A and Type B programs, as prescribed by the Uniform Guidance, was \$1,916,760.

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**

**Housing Authority of the City of Tacoma  
Pierce County  
January 1, 2016 through December 31, 2016**

Board of Commissioners  
Housing Authority of the City of Tacoma  
Tacoma, 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 Housing Authority of the City of Tacoma, Pierce County, 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 19, 2017.

Our report includes a reference to other auditors who audited the financial statements of the Hillside Terrace Phase I LP, Hillside Terrace Phase II LP, Hillside Terrace 1500 LP, Salishan One LLC, Salishan Two, LLC, Salishan Three LLC, Salishan Four LLC, Salishan Five LLC, Salishan Six LLC, 2500 Yakima LLLP, and Renew Tacoma 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 19, 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**

**Housing Authority of the City of Tacoma  
Pierce County  
January 1, 2016 through December 31, 2016**

Board of Commissioners  
Housing Authority of the City of Tacoma  
Tacoma, Washington

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

We have audited the compliance of the Housing Authority of the City of Tacoma, Pierce 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 19, 2017

# INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

## **Housing Authority of the City of Tacoma Pierce County January 1, 2016 through December 31, 2016**

Board of Commissioners  
Housing Authority of the City of Tacoma  
Tacoma, 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 Housing Authority of the City of Tacoma, Pierce County, 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 Hillside Terrace Phase I LP, Hillside Terrace Phase II LP, Hillside Terrace 1500 LP, Salishan One LLC, Salishan Two, LLC, Salishan Three LLC, Salishan Four LLC, Salishan Five LLC, Salishan Six LLC, 2500 Yakima LLLP, and Renew Tacoma LLLP (the partnerships) which represent 92.8%, of 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 report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the 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 report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component units of the Housing Authority of the City of Tacoma, 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.

## **Matter of Emphasis**

As discussed in Note 2, in 2016 the Tax Credit Partnership MLK New Look, LLC, previously a discreetly presented component unit, was dissolved and in accordance with GASB 69 its assets, liabilities and operations were transferred to the Authority, as if the event was effective January 1, 2016. This resulted in the restatement of certain accounts in the Statement of Net Position. Our opinion is not modified with respect to this matter.

## **Other Matters**

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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 17 through 26 and pension plan information on pages 77 through 80 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 by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 19, 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.



Pat McCarthy

State Auditor

Olympia, WA

September 19, 2017

## FINANCIAL SECTION

**Housing Authority of the City of Tacoma  
Pierce County  
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 Plan 1 – 2016

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

Schedule of Employer Contributions – PERS Plan 1 – 2016

Schedule of Employer Contributions – PERS Plan 2/3 - 2016

### **SUPPLEMENTARY AND OTHER INFORMATION**

Schedule of Expenditures of Federal Awards – 2016

Notes to the Schedule of Expenditures of Federal Awards – 2016

Financial Data Schedule – 2016

Actual Modernization Cost Certificate WA19P00550112

Actual Modernization Cost Certificate WA19P00550113

Actual Modernization Cost Certificate WA19P00550114

Actual Modernization Cost Certificate WA19R00550114

Actual Modernization Cost Certificate WA19R00550214

Actual Modernization Cost Certificate WA19P00550115

Actual Modernization Cost Certificate WA19R00550215



**HOUSING AUTHORITY OF THE CITY OF TACOMA**  
**Management's Discussion and Analysis**  
December 31, 2016

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The Housing Authority of the City of Tacoma (Housing Authority) is pleased to offer readers of the Housing Authority's financial statements this narrative overview and analysis of the financial activities of the Housing Authority for the year ended December 31, 2016. This Management's Discussion and Analysis (MD&A) should be read in conjunction with the Housing Authority's financial statements and the notes to the financial statements which follow.

The Housing Authority administers a broad range of federally and locally financed housing programs within the limits of the City of Tacoma. The Housing Authority owns or manages 1,437 units of housing and provides rental subsidies to about 4,000 additional households. The Housing Authority serves approximately 12,000 persons or about six percent of the City's residents. The majority of the Housing Authority's program participants have incomes below 30% of the area median income. Most of the people receiving assistance from the Housing Authority are elderly, disabled or minor children.

The financial performance discussed in the following analyses does not include tax credit partnerships. The tax credit partnerships, with 20 properties and 1202 units, are owned by separate limited partnerships/corporations with the Housing Authority in the role of general partner/managing member. These separate legal entities are not included in the books of the Housing Authority but are listed as component units in the Housing Authority's financial statements and are detailed in portions of the notes to the financial statements (Notes 1, 2, 4, 5, 9, 12 and 13). With those exceptions, neither these units, nor their financial data, are included in the analyses and financial statements and notes to the financial statements that follow.

### **Financial Highlights**

- In April 2016 the Housing Authority sold off most of its public housing properties to the Renew Tacoma Housing Limited Liability Limited Partnership (LLLLP) as part of the Housing Authority's participation in the Rental Assistance Demonstration (RAD) program. The Housing Authority is the general partner of this partnership. This sale is the primary reason for an increase in net position of \$34.08 million (39.4%) from the prior year. The increase in net position was largely due to an increase of cash and notes receivable derived from that sale.
- The assets and deferred outflows of the Housing Authority exceeded its liabilities and deferred inflows at the close of the fiscal year by \$120.54 million (net position). Of this amount \$26.71 million is invested in capital assets, net of related debt (net investment in capital assets); \$9.54 million is restricted to meet externally imposed obligations (restricted net position); and \$84.29 million (unrestricted net position) is available to meet ongoing obligations to residents and creditors.
- The Housing Authority's total cash balances increased from the previous fiscal year by \$12.96 million (106.0%), primarily due to the sale of the public housing properties to the Renew Tacoma Housing LLLP, which includes a \$4.75 million cash collateral escrow account used for the ongoing rehabilitation project for these properties. The Housing Authority's cash balance was \$25.20 million at the end of the fiscal year and of this amount, \$11.68 million was restricted.

- Notes Receivable from Component Units increased by \$58.21 million (126.3%) and Capital Assets decreased by \$12.03 million (20.8%) mostly due to the sale of the nine public housing properties to the Renew Tacoma Housing LLLP.
- Total current liabilities grew by \$1.77 million (67.8%) mostly due to inclusion of \$1.78 million of construction payable balances included in the Accounts Payable balance at year-end for the Bay Terrace II Apartments (2500 Court G, LLLP), which was paid from restricted cash in January 2017.
- Total noncurrent liabilities increased by \$24.38 million (58.3%) chiefly due to the ongoing rehabilitation of the nine former public housing properties owned by the Renew Tacoma Housing LLLP, for which the Housing Authority issued \$22.00 million in notes payable that was reloaned to the Renew Tacoma Housing LLLP.
- Operating revenues grew by \$8.45 million (150.0%) in comparison to the prior year principally due to an increase in developer fees earned by the Housing Authority.
- Operating expenses rose by \$2.56 million (5.2%) in comparison to the prior year mostly due to increases in Housing Assistance Payments. The Housing Authority's Housing Assistance Payments have increased due to two factors: 1) Increase in average apartment rents in the Tacoma area, and 2) Use of Housing Assistance Payments for the 456 units of the Renew Tacoma Housing LLLP.
- Operating expenses were \$51.56 million, which includes \$32.22 million (or 62.5% of operating expenses) in Housing Assistance Payments made to landlords.

## Overview of the Financial Statements

The Housing Authority's financial statements consist of three parts – the MD&A (this section), the basic financial statements and supplementary information. The basic financial statements are those of a special-purpose government engaged only in business-type activities and include government-wide financial statements and notes to the financial statements.

The government-wide financial statements are designed to be corporate-like in that all business type activities are consolidated into a columnar format, presenting totals by category for the entire Housing Authority. Similar to the methods used in the private sector, the Housing Authority uses the full accrual basis of accounting.

The Housing Authority's government-wide financial statements include:

- Statement of Net Position - The Statement of Net Position reports all financial and capital resources as well as obligations of the Housing Authority. The statement is presented in the format where assets plus deferred outflows minus liabilities minus deferred inflows equals *Net Position*. Assets and liabilities are presented in order of liquidity, and are classified as *Current* (generally, those convertible into cash within one year), and *Non-current*.

The Statement of Net Position is designed to represent the available liquid (non-capital) assets, net of liabilities for the Housing Authority. Over time, increases or decreases in net position may serve as useful indicators of the Housing Authority's financial health. Net Position is reported in three categories:

- ✓ Net Investment in Capital Assets: This component of Net Position consists of all Capital Assets, 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 Net Position: This component of Net Position consists of restricted assets where constraints have been placed on the asset by creditors (such as debt covenants), grantors, contributors, laws, regulations, etc., net of any offsetting, associated liabilities.
  - ✓ Unrestricted Net Position: This component of Net Position consists of the Net Position that does not meet the definitions of *Net Investment in Capital Assets* or *Restricted Net Position*.
- Statement of Revenues, Expenses and Changes in Net Position - This statement presents information on how the Housing Authority's net position changed during the year. The Housing Authority reports all changes in net position as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. This statement includes operating revenues, such as rental income; operating expenses, such as administrative expenses, utilities, maintenance expenses, and depreciation; and non-operating revenue and expenses, such as grant revenue, investment income and interest expense.
  - Statement of Cash Flows – This statement offers information on where cash comes from, how cash was used and what the change in the cash balance was during the year. This statement discloses cash provided by, or used for operating, non-capital financing, capital and related financing, and investing activities during the year. The Housing Authority uses the direct method to present cash flows, which includes a reconciliation of cash from operating activities to operating income.

The Housing Authority's basic financial statements also include notes to the financial statements that help explain specific information presented in the government-wide financial statements. Additionally, these notes provide detailed supporting data and explain accounting methods used to allow a comprehensive understanding of the information presented in the government-wide financial statements.

In addition to the basic financial statements, the Housing Authority presents a combining HUD-developed and required Financial Data Schedule (FDS) as Supplementary Information. The FDS is a reporting format used to disclose to HUD all of the Housing Authority's financial activities at the property and program level.

The Housing Authority also presents Schedules of Proportionate Share of the Net Pension Liability and Schedules of Employer Contributions as Required Supplementary Information used to disclose 10-year trends of funding of the Housing Authority's pension obligations.

## Condensed Government-wide Statements and Analysis of Overall Financial Position

The following table<sup>1</sup> summarizes the Statement of Net Position as of December 31, 2016 and 2015 for the Housing Authority.

<b>CONDENSED STATEMENT OF NET POSITION</b>		
	<u>FY 2016</u>	<u>FY 2015</u>
<b>Assets</b>		
Current and Other Assets	\$ 146,658,219	\$ 73,045,128
Capital Assets	45,909,414	57,939,891
<b>Total Assets</b>	<u>192,567,633</u>	<u>130,985,019</u>
<b>Deferred Outflows of Resources</b>		
Deferred Outflows Related to Pensions	1,327,307	817,683
<b>Total Deferred Outflows of Resources</b>	<u>1,327,307</u>	<u>817,683</u>
<b>Liabilities</b>		
Current Liabilities	4,387,275	2,614,220
Noncurrent Liabilities	66,195,474	41,820,335
<b>Total Liabilities</b>	<u>70,582,749</u>	<u>44,434,555</u>
<b>Deferred Inflows of Resources</b>		
Deferred Inflows Related to Pensions	171,254	910,028
Deferred Inflows Related to HUD Grants	2,598,495	-
<b>Total Deferred Inflows of Resources</b>	<u>2,769,749</u>	<u>910,028</u>
<b>Net Position</b>		
Net Investment in Capital Assets	26,711,196	39,134,469
Restricted	9,539,030	3,778,326
Unrestricted	84,292,216	43,545,324
<b>Total Net Position</b>	<u>\$ 120,542,442</u>	<u>\$ 86,458,119</u>

The Housing Authority's overall financial position strengthened during the fiscal year. Total net position increased by \$34.08 million (39.4%), primarily due to the sale of nine of the Housing Authority's former public housing properties to the Renew Tacoma Housing LLLP.

Current and Other Assets swelled by \$73.61 million (100.8%) during the fiscal year primarily due to a \$58.21 million (126.3%) increase in Notes Receivables from Component Units and a \$12.96 million (106.0%) increase in cash. Both of these increases were primarily due to the sale of the former public housing properties mentioned above.

Capital Assets decreased by \$12.03 million (20.8%) largely due to the sale of the former public housing properties under the Rental Assistance Demonstration (RAD) program.

Current liabilities rose by \$1.77 million (67.8%) predominantly due to the inclusion of \$1.78 million of construction payable balances in the Accounts Payable balance at year-end for the Bay Terrace II Apartments (2500 Court G, LLLP).

Current assets exceeded current liabilities by \$25.40 million for a current ratio of 6.79, which is a slight improvement from the prior year current ratio of 6.47 and largely the result of the

<sup>1</sup> For more detailed information please see the Statement of Net Position.

aforementioned increase in cash in 2016. The current ratio is a measure of the ability to pay debts as they become due and generally, a current ratio of 1 or less suggests that obligations may not be paid when they are due.

The following table<sup>2</sup> summarizes the changes in net position for the FY 2016 and FY 2015 for the Housing Authority.

<b>CONDENSED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION</b>		
	<u>FY 2016</u>	<u>FY 2015</u>
<b>Revenues</b>		
Operating Revenue		
Tenant Revenue	\$ 2,838,123	\$ 2,948,316
Other Revenue	11,238,341	2,682,777
Non-Operating Revenue		
Operating Grants	42,009,323	44,315,278
Gain on Sale of Capital Assets	1,232,818	284,705
Investment Income	2,686,717	1,460,109
Total Revenue	<u>60,005,322</u>	<u>51,691,185</u>
<b>Expenses</b>		
Operating Expenses		
Administrative	10,975,384	9,389,745
Tenant Services	1,332,564	1,361,932
Utilities	536,411	734,809
Maintenance & Operations	2,050,019	2,772,530
Housing Assistance Payments	32,224,595	29,348,693
Other Operating Expenses	1,797,736	2,296,897
Depreciation and Amortization	2,641,933	3,094,465
Non-Operating Expenses		
Distributions to Other Governments	1,003,720	571,220
Distributions to Component Units	13,535	156,422
Interest	123,230	120,055
Total Expenses	<u>52,699,127</u>	<u>49,846,768</u>
Income (Loss) Before Contributions and Special Item	<u>7,306,195</u>	<u>1,844,417</u>
<b>Capital Grants and Contributions</b>	<u>7,348,280</u>	<u>1,832,833</u>
<b>Special Item</b>	<u>18,359,370</u>	<u>-</u>
<b>Change in Net Position</b>	<u>33,013,845</u>	<u>3,677,250</u>
<b>Change in Accounting Principal</b>	-	(6,002,416)
<b>Change in Reporting Entity</b>	1,070,478	-
<b>Prior Period Adjustment</b>	-	199,690
<b>Net Position - Beginning of Year</b>	86,458,119	88,583,595
<b>Net Position - End of Year</b>	<u>\$ 120,542,442</u>	<u>\$ 86,458,119</u>

The best indicator of the differences between the two fiscal years is the Income (Loss) Before Contributions and Special Item, which shows an increase of \$5.46 million (300.9%). This change is chiefly attributable to an increase of Other Revenue of \$8.56 million (318.9%), offset

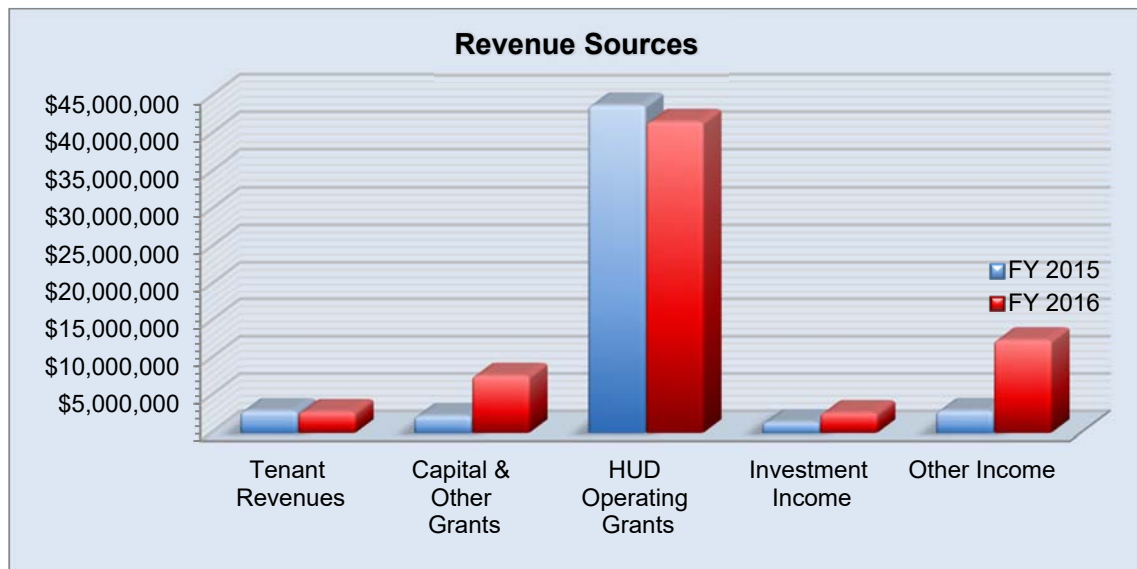
<sup>2</sup> For more detailed information please see the Statement of Revenues, Expenses, and Changes in Net Position

by a rise in Housing Assistance Payments of \$2.88 million (9.8%). Other Revenues soared during 2016 due to Developer Fee earnings on two major construction projects: 1) Construction of the new Bay Terrace II Apartments (2500 Court G, LLLP) and 2) Rehabilitation of 9 formerly public housing properties, Renew Tacoma Housing LLLP, under the RAD program as mentioned above. Housing Assistance Payments enlarged due to an Increase in average apartment rents in the Tacoma area of over 10% compared to the prior year, and the new use of Housing Assistance Payments for the 456 units sold by the Housing Authority to Renew Tacoma Housing LLLP.

Other smaller deviations from the prior year include a \$0.95 million (333.0%) increase in Gain on Sale of Capital Assets caused by the sale of the Housing Authority's ten bond-financed scattered sites homes and three of the thirty-four scattered public housing homes during 2016. Distributions to Other Governments rose by \$0.43 million (75.7%) because of the ramping up of the Housing Authority's engagement with Pierce County in funding the Homeless Youth Housing Program and the Rapid Rehousing Program to house homeless youth and families.

Administrative expenses grew by \$1.59 million (16.9%) primarily due to increased staffing levels used to coordinate and execute an agency-wide computer system conversion and complete the RAD conversion of the Housing Authority's public housing units.

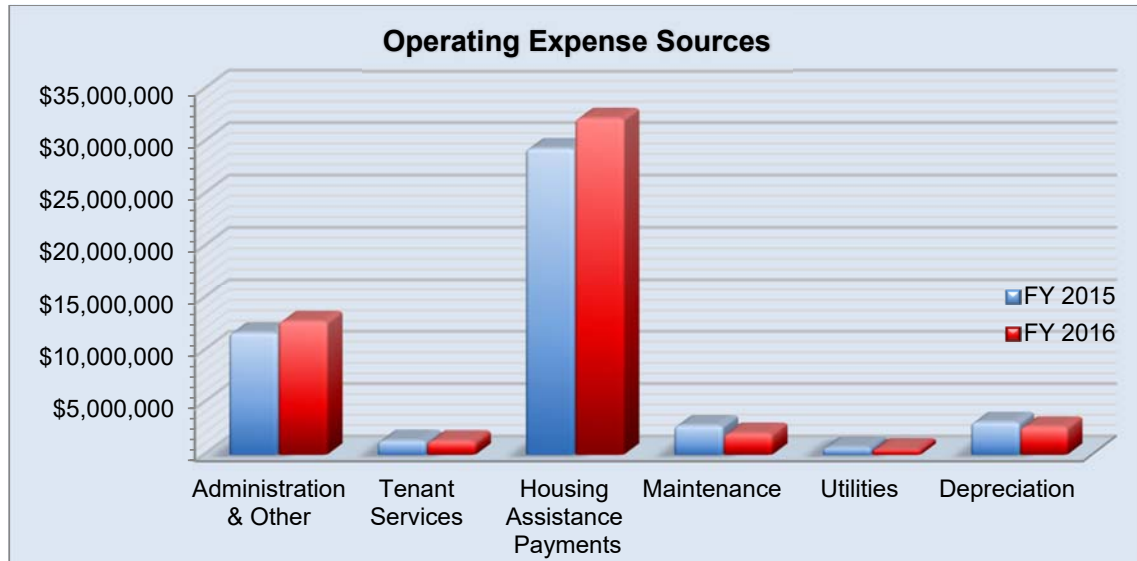
Revenues are classified as operating, non-operating or capital grant contributions. The following graph illustrates a comparison of the sources of all revenues for FY 2016 and FY 2015.



Capital and Other Grants increased by \$5.39 million (233.7%) principally due to the use of HUD Capital Fund Program grants as a loan extended to the Renew Tacoma Housing LLLP for the rehabilitation of the nine public housing properties sold to the entity under the RAD conversion program. HUD Operating Grants declined by \$2.18 million (5.0%) mainly due to a decrease in MTW Housing Assistance Payment (HAP) revenue received during 2016 compared to 2015 as the Housing Authority used these revenues in 2015 to pay off the outstanding Capital Fund Financing Program (CFFP) bonds, purchase the Outrigger Apartments and extend a loan to the MLK New Look Apartments. Other Income expanded by \$9.50 million (320.3%) due to the

increase in gains on sale of capital assets and the growth in developer fee revenues described above.

Operating expenses are amounts paid for providing housing to the Housing Authority's tenants and administering the various housing and tenant assistance programs. The following graph shows a comparison of the operating expenses by type for FY 2016 and FY 2015.



Total operating expenses for FY 2016 expanded by \$2.56 million (5.2%), with the largest area of increase being the Housing Assistance Payments (HAP) category with \$2.88 million (9.8%). The rise in HAP was due to higher average rents and the RAD conversion of the 9 public housing properties, as described above. This RAD conversion also resulted in a drop of Maintenance expenses (\$0.72 million or 26.1%), Utilities expenses (\$0.20 million or 27.0%), and Depreciation expenses (\$0.45 million or 14.6%). Administration and Other costs increased by \$1.09 million predominantly due to augmented staffing levels, as described above.

### Capital Asset and Long-Term Liability Activity

#### Capital Assets

During FY 2016, the Housing Authority had the following significant changes in capital assets:

- Land increased by \$1.61 million primarily because of the gifting of the MLK New Look Apartments to the Housing Authority, the purchase of a former KeyBank building and the placing in service of construction in progress related to the Bay Terrace II Apartments.
- Construction-In-Progress decreased by \$3.17 million mostly due to 1) work completed on the Housing Authority's conversion of its nine public housing properties to project-based rental assistance under the Rental Assistance Demonstration (RAD) program and receiving a Notes Receivable for the value of the complete work; and 2) the placing in service of land and site improvements related to the Bay Terrace II Apartments.

- Buildings declined by \$34.81 million chiefly due to the sale of the nine public housing properties to Renew Tacoma Housing LLLP, offset by the gifting of the MLK New Look Apartments to the Housing Authority.
- Site Improvements diminished by \$1.81 million as a result of the sale of the nine public housing properties offset by the gifting of the MLK New Look Apartments.
- Intangible Assets increased by \$0.80 million as the Housing Authority continue to engage in developing an agency-wide software product based on the Salesforce platform.

The following table<sup>3</sup> summarizes the changes in capital assets between FY 2016 and FY 2015 for the Housing Authority.

<b>Schedule of Changes in Capital Asset Balances</b>			
	2016	2015	Net Change
Land	\$ 12,780,636	\$ 11,173,872	\$ 1,606,764
Construction-In-Progress	336,541	3,506,497	(3,169,956)
Buildings	30,989,951	65,801,046	(34,811,095)
Site Improvements	13,766,317	15,571,918	(1,805,601)
Machinery and Equipment	2,870,990	3,439,207	(568,217)
Intangible Assets	1,460,994	657,339	803,655
Totals	62,205,429	100,149,879	(37,944,450)
Accumulated Depreciation	(16,296,015)	(42,209,988)	25,913,973
<b>Capital Assets, Net</b>	<b>\$ 45,909,414</b>	<b>\$ 57,939,891</b>	<b>\$ (12,030,477)</b>

Long-Term Liability Activity

The Housing Authority typically issues various types of debt obligations to finance the acquisition and construction of assets. During the current fiscal year, the Housing Authority had the following significant changes in long-term liabilities:

- Outstanding Notes Payable rose by \$22.87 million (72.4%) chiefly due to the issuance of \$22.00 million in new notes payable for the rehabilitation of the nine public housing properties sold. The proceeds of the note were re-loaned to the Renew Tacoma Housing LLLP and consequently resulted in an equal amount of notes receivable from this entity. The balance of this construction loan is expected to be paid off from the contributions of the limited partner and a permanent loan to the entity after the rehabilitation work has been completed.

<sup>3</sup> For more detailed information on Capital Assets please see Note 5 to the Financial Statements



The following table<sup>4</sup> summarizes the changes in long-term liabilities (including current portions) between FY 2016 and FY 2015 for the Housing Authority.

<b>Schedule of Changes of Long-Term Liabilities</b>			
	2016	2015	Net Change
Revenue Bonds	\$ 2,586,304	\$ 2,641,432	\$ (55,128)
Notes Payable	54,451,592	31,580,790	22,870,802
Net Pension Liability	7,078,581	5,971,191	1,107,390
Unearned Rev - Op Lease	966,567	980,834	(14,267)
Other	1,281,618	801,624	479,994
<b>Total long-term liabilities</b>	<b>\$ 66,364,662</b>	<b>\$ 41,975,871</b>	<b>\$ 24,388,791</b>

All debt payments for the fiscal year were made as scheduled and on time.

### **Economic Factors Affecting the Housing Authority**

The majority of the Housing Authority's funding is from HUD in the form of MTW grants (operating subsidy, capital fund grants and Section 8). This HUD funding is dependent on congressional appropriations and related budget priorities set.

During 2016 HUD funding for the MTW grants was below 100% of eligibility and is expected to continue to be underfunded in 2017 due to federal budget cuts. The following funding impacts were seen in 2016 and are expected for 2017:

- In 2016 HUD funded housing authority operating subsidy at 90.2% of eligibility. For 2017 funding for the operating subsidy is projected to be about 92.9% of eligibility.
- Similarly, the capital fund grants provided to housing authorities by HUD have over the past 10+ years been insufficient to meet the capital needs of most housing authorities and no increase in funding level is expected in the coming years.
- The administrative cost portion of the Section 8 funding was funded at 83.9% of eligibility during 2016 and is expected to be funded about 75.7% of eligibility for 2017.
- The Section 8 HAP funding was funded at 99.6% of eligibility during 2016 and is expected to be funded about 97.3% of eligibility for 2017.

The Housing Authority has converted the ownership structure on essentially all of its public housing complexes from Housing Authority owned to ownership by partnerships under the Low Income Housing Tax Credit (LIHTC) program. In 2016 the Housing Authority converted 456 public housing units to project-based Section 8 units under the Rental Assistance Demonstration program, which also are owned by a partnership under the LIHTC program, thereby reducing the Housing Authority's exposure to the low and unpredictable funding levels of the public housing program. The federal income tax credits awarded to such partnerships allow the Housing Authority to obtain equity contributions to fund redevelopment and renovation activities and allow decreasing the dependency on HUD financing.

<sup>4</sup> For more details on the Long-Term Liabilities please see Note 9 to the Financial Statements

Local inflationary, recessionary and employment trends can affect resident incomes and therefore the amount of rental incomes of the Housing Authority, as well as the amount of HAP paid by the Housing Authority. Average annual unemployment in the Tacoma, Washington area decreased from 6.8% in 2015 to 6.6% in 2016.<sup>5</sup>

Over the last three years, the two bedroom 40th percentile rent in Pierce County has increased over 15 percent, a trend that has had serious impacts on families participating in the Housing Choice Voucher (HCV) program. Many new voucher holders are unable to find housing and existing program participants have taken on an increased shelter burden, with voucher holders now spending more of their income on rent and utilities. To address the increasing rental costs, payments standards were increased by the Housing Authority effective January 2017. Although there was concern that the increase in payment standards will not fully address increases in the private rental market, HUD funding levels have limited the degree to which payment standards could be raised. While HUD's Fair Market Rental (FMR) metric for the region increased 16 percent between 2014 and 2016, actual funding has been stagnant.

The Housing Authority has received a 10-year extension from HUD of the Moving-to-Work contract which will now continue to provide the Housing Authority substantial financial flexibility to the year 2028.

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 accountability for its resources. Any questions concerning the information presented here should be addressed to the Finance Director of the Housing Authority of the City of Tacoma. The Housing Authority's offices are located at 902 South L Street, Tacoma, WA 98405.

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<sup>5</sup> U.S. Bureau of Labor Statistics – [www.bls.gov](http://www.bls.gov)

**Housing Authority of the City of Tacoma**  
**Statement of Net Position**  
**December 31, 2016**

	<b>Housing Authority</b>	<b>Component Units</b>
<b>ASSETS</b>		
Current Assets		
Cash and Cash Equivalents	\$ 13,520,580	\$ 1,908,642
Investments	1,637,737	-
Receivables (Net)		
HUD	24,946	-
Other Governments	110,347	-
Component Units	2,622,561	-
Tenants	31,396	115,039
Other	101,098	455,172
Prepaid Expenses	162,088	308,608
Restricted Assets		
Cash and Cash Equivalents		
Tenant Security Deposits	73,942	294,404
Replacement & Operating Reserves	625,843	6,290,153
Housing Assistance Payments (HAP)	429,841	-
Capital Projects	10,446,532	4,556,848
Total Current Assets	<u>29,786,911</u>	<u>13,928,866</u>
Noncurrent Assets		
Restricted Cash - FSS Escrows	99,521	23,717
Notes Receivable from Component Units	104,286,280	-
Interest Receivable from Component Units	12,238,585	-
Capital Assets		
Land	12,780,636	805,823
Construction In Progress	336,541	22,230,381
Buildings	30,989,951	168,222,831
Improvements Other than Buildings	13,766,317	11,187,317
Equipment	2,870,990	3,795,776
Intangible Assets	1,460,994	-
Accumulated Depreciation	<u>(16,296,015)</u>	<u>(30,762,948)</u>
Total Capital Assets (Net)	45,909,414	175,479,180
Other Receivable from Component Units	246,922	-
Other Assets	-	571,761
Total Noncurrent Assets	<u>162,780,722</u>	<u>176,074,658</u>
<b>TOTAL ASSETS</b>	<u><b>\$ 192,567,633</b></u>	<u><b>\$ 190,003,524</b></u>
DEFERRED OUTFLOW OF RESOURCES		
Deferred Outflows Related to Pensions	1,327,307	-
<b>TOTAL DEFERRED OUTFLOW OF RESOURCES</b>	<u><b>\$ 1,327,307</b></u>	<u><b>\$ -</b></u>

The notes to the financial statements are an integral part of this statement.

**Housing Authority of the City of Tacoma**  
**Statement of Net Position**  
**December 31, 2016**

	<b>Housing Authority</b>	<b>Component Units</b>
<b>LIABILITIES</b>		
Current Liabilities		
Accounts Payable	\$ 2,825,276	\$ 5,614,389
Accrued Liabilities	420,611	138,762
Intergovernmental Payables	3,960	-
Payable to Housing Authority	-	2,622,561
Current Portion of Long-Term Debt	120,570	9,747,170
Compensated Absences	27,671	-
Tenant Security Deposits	74,173	299,680
Unearned Revenue	894,599	34,046
Other Current Liabilities	20,415	1,463,661
<b>Total Current Liabilities</b>	<b>4,387,275</b>	<b>19,920,269</b>
Noncurrent Liabilities		
Compensated Absences	748,820	-
Long-Term Debt	56,917,327	9,075,216
Notes Payable to Housing Authority	-	103,753,418
Accrued Interest Payable to Housing Authority	-	12,238,585
Other Accrued Interest Payable	398,925	10,868
FSS Escrows	99,521	23,717
Unearned Revenue	952,300	-
Net Pension Liability	7,078,581	-
Other Payable to Housing Authority	-	246,922
<b>Total Noncurrent Liabilities</b>	<b>66,195,474</b>	<b>125,348,726</b>
<b>TOTAL LIABILITIES</b>	<b>\$ 70,582,749</b>	<b>\$ 145,268,995</b>
<b>DEFERRED INFLOW OF RESOURCES</b>		
Deferred Inflows Related to Pensions	171,254	-
Deferred Inflows Related to HUD Grants	2,598,495	-
<b>TOTAL DEFERRED INFLOW OF RESOURCES</b>	<b>\$ 2,769,749</b>	<b>\$ -</b>
<b>NET POSITION</b>		
Net Investment in Capital Assets	26,711,196	50,952,759
Restricted for		
Replacement & Operating Reserves	625,843	6,290,153
Housing Assistance Payments	245,844	-
Capital Projects	8,667,343	4,556,848
Unrestricted	84,292,216	(17,065,231)
<b>TOTAL NET POSITION</b>	<b>\$ 120,542,442</b>	<b>\$ 44,734,529</b>

The notes to the financial statements are an integral part of this statement.

**Housing Authority of the City of Tacoma**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**For the Year Ended December 31, 2016**

	<b>Housing Authority</b>	<b>Component Units</b>
OPERATING REVENUES		
Net Tenant Rental Revenue	\$ 2,693,747	\$ 8,070,181
Tenant Revenue - Other	144,376	318,895
Other Revenue	<u>11,238,341</u>	<u>1,226,528</u>
TOTAL OPERATING REVENUES	<u>14,076,464</u>	<u>9,615,604</u>
OPERATING EXPENSES		
Administration	10,975,384	2,085,515
Tenant Services	1,332,564	325,072
Utilities	536,411	1,143,594
Ordinary Maintenance and Operations	2,050,019	2,683,066
Housing Assistance Payments	32,224,595	-
Other Operating Expenses	1,797,736	1,476,071
Depreciation and Amortization	<u>2,641,933</u>	<u>4,253,843</u>
TOTAL OPERATING EXPENSES	<u>51,558,642</u>	<u>11,967,161</u>
OPERATING INCOME (LOSS)	<u>\$ (37,482,178)</u>	<u>\$ (2,351,557)</u>
NONOPERATING REVENUES (EXPENSES)		
HUD Subsidies and Grant Revenue	41,657,934	-
Other Government Grants	351,389	-
Distributions to Other Governments	(1,003,720)	-
Distributions to Component Units	(13,535)	-
Interest and Investment Income	2,686,717	27,059
Gain/(Loss) on Disposal of Capital Assets	1,232,818	-
Interest Expense	<u>(123,230)</u>	<u>(2,992,664)</u>
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>44,788,373</u>	<u>(2,965,605)</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS AND SPECIAL ITEM	<u>7,306,195</u>	<u>(5,317,162)</u>
CAPITAL GRANT CONTRIBUTIONS	7,348,280	-
PARTNER CONTRIBUTIONS	-	652,587
SPECIAL ITEM	<u>18,359,370</u>	<u>-</u>
CHANGE IN NET POSITION	33,013,845	(4,664,575)
NET POSITION - BEGINNING OF YEAR	86,458,119	50,476,131
CHANGE IN REPORTING ENTITY	1,070,478	(1,077,975)
CHANGE IN ACCOUNTING PRINCIPLE	-	948
NET POSITION - BEGINNING RESTATED	<u>87,528,597</u>	<u>49,399,104</u>
NET POSITION - END OF YEAR	<u>\$ 120,542,442</u>	<u>\$ 44,734,529</u>

The notes to the financial statements are an integral part of this statement.

**Housing Authority of the City of Tacoma**  
**Statement of Cash Flows**  
**For the Year Ended December 31, 2016**

	<b>Housing Authority</b>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from Customers	\$ 2,482,803
Payments to Employees	(11,045,847)
Payments to Suppliers	(3,730,127)
Housing Assistance Payments	(32,224,595)
Other Receipts (Payments)	11,500,393
NET CASH PROVIDED/(USED) BY OPERATING ACTIVITIES	<u>(33,017,373)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
HUD Operating Grants	44,512,198
Other Government Operating Grants	536,309
Distributions to Other Government	(1,003,720)
Distributions to Component Units	(13,535)
NET CASH PROVIDED/(USED) BY NONCAPITAL FINANCING ACTIVITIES	<u>44,031,252</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Capital Grant Contributions	7,348,280
Purchase and Construction of Capital Assets	(1,443,970) b)
Proceeds from Sale of Capital Assets	2,260,484 a)
Proceeds from Issuance of Capital Debt	22,721,693 b)
Principal Payments on Capital Debt	(334,599) c)
Interest Payments	(81,906)
NET CASH PROVIDED/(USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>30,469,982</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from Component Unit Loan Repayments	2,147,799 b) & c)
Loans to Component Units	(30,770,632) a)
Investment Income - Loans	54,892
Investment Income - Other	54,004
Purchase of Investments	(7,567)
NET CASH PROVIDED/(USED) BY INVESTING ACTIVITIES	<u>(28,521,504)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	12,962,357
CASH AT BEGINNING OF YEAR	12,233,902
CASH AT END OF YEAR	<u>\$ 25,196,259</u>

The notes to the financial statements are an integral part of this statement.

**Housing Authority of the City of Tacoma**  
**Statement of Cash Flows**  
**For the Year Ended December 31, 2016**

RECONCILIATION OF OPERATING INCOME/(LOSS) TO NET CASH PROVIDED/(USED) BY	
OPERATING ACTIVITIES	
Operating Income (Loss)	\$ (37,482,178)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided/(Used):	
Depreciation Expense & Amortization	2,641,933
Changes in Assets and Liabilities:	
Decrease (Increase) in Receivables	(195,343)
Decrease (Increase) in Prepaid Expenses	70,058
Decrease (Increase) in Deferred Outflows	(509,624)
Increase (Decrease) in Accounts Payable	1,426,139
Increase (Decrease) in Other Payables	663,026
Increase (Decrease) in Net Pension Liability	1,107,390
Increase (Decrease) in Deferred Inflows	(738,774)
Total Adjustments	<u>4,464,805</u>
NET CASH PROVIDED/(USED) BY OPERATING ACTIVITIES	<u>\$ (33,017,373)</u>

Non-cash operating, capital and related financing, and investing activity:

- a) Excludes \$24,640,000 in notes receivable received for the sale of capital assets to Renew Tacoma Housing, LLLP.
- b) Excludes \$2,840,711 in capital assets received for assuming \$850,528 in debt and forgiving \$1,160,488 in loan repayments from the former component unit MLK New Look LLC.
- c) Excludes \$52,068 reduction of notes receivable from Component Units offset with a reduction of notes payable to lenders by the Housing Authority for loans reloaned and serviced by the Component Units

The notes to the financial statements are an integral part of this statement.

**HOUSING AUTHORITY OF THE CITY OF TACOMA**  
**Notes to Financial Statements**  
For the Year Ended December 31, 2016

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Housing Authority of the City of Tacoma (Housing Authority) have been prepared in conformity with generally accepted accounting principles (GAAP) as applicable to proprietary funds of governments. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

The significant accounting policies are described below.

a. Reporting Entity

The Housing Authority was created on August 16, 1940 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 Housing Authority is governed by a five member Board of Commissioners, appointed by the Mayor of the City of Tacoma. Commissioners serve without pay.

As required by generally accepted accounting principles, management has considered all potential component units in defining the reporting entity. The Housing Authority is not financially dependent on the City of Tacoma and is not a component unit of the City. The Housing Authority's reporting entity consists of the primary government, as well as its component units, which are legally separate organizations for which the primary government is financially accountable. The financial statements of the Housing Authority include both discretely presented and blended component units.

Discretely presented component units

The Housing Authority has twelve component units, which are discretely presented and consolidated into the "Component Units" column in the financial statements. The Housing Authority is the 0.01% owner and the general partner/managing member in these twelve component units. The limited partnership/investor member interests are held by third parties unrelated to the Housing Authority. These component units are fiscally dependent on the Housing Authority according to the terms of the partnership/operating agreements. These agreements include a legal obligation for the Housing Authority to fund operating deficits up to specified limits.

The twelve component units discussed below are included in the Housing Authority's reporting entity since they are fiscally dependent on the Housing Authority and the Housing Authority has financial benefits and potential financial burdens from these entities. These component units do not provide services exclusively or almost exclusively to the benefit of the Housing Authority. In addition, while there is fiscal dependency, the Housing Authority is not responsible or expected to repay the debt of these component units.

- Hillside Terrace Phase I Limited Partnership (LP) – A Washington state limited partnership formed in April 2002 to lease and operate a substantially rehabilitated 21-unit apartment property in Tacoma, Washington. Rehabilitation was completed October 31, 2003. Pursuant to the Amended and Restated Agreement of Limited Partnership, dated December 18, 2002, the Housing Authority serves as the General Partner, SLP, Inc. is the Special Limited Partner and MMA Financial Institutional Tax Credits XXV, LP is the Investor Limited Partner.
- Hillside Terrace Phase II LP – A Washington state limited partnership formed in April 2002 to lease and operate a newly constructed 25-unit apartment property located in Tacoma, Washington. Pursuant to the Amended and Restated Agreement of Limited Partnership, dated March 4, 2003, the Housing Authority is the General Partner, SLP, Inc. is the Special Limited Partner and MMA Financial Housing Investment V, LP is the Investor Limited Partner.



- Hillside Terrace 1500 LP – A Washington state limited partnership formed in January 2004 to acquire, construct and operate a 16-unit apartment property known as Hillside Terrace 1500 Block located in Tacoma, Washington. Pursuant to the Amended and Restated Agreement of Limited Partnership, dated May 5, 2005, the Housing Authority is the General Partner, Alliant Capital, LTD is the Administrative Limited Partner, and Alliant Tax Credit Partnership 33-A, LTD. is the Investor Limited Partner.
- Salishan One Limited Liability Company (LLC) – A Washington state limited liability company formed in April 2003 to acquire, construct, rehabilitate, develop, repair, improve, maintain, operate, manage, lease, dispose of, and otherwise deal with a 90-unit apartment property located in Tacoma, Washington. In accordance with the provisions of the Second Amended and Restated Operating Agreement dated August 28, 2008, the Housing Authority is the Managing Member, MMA Special Limited Partner, Inc. is the Special Member and Boston Financial Institutional Tax Credits XXVIII, LP is the Investor Member.
- Salishan Two LLC – A Washington state limited liability company formed in November 2003 to acquire, construct, rehabilitate, develop, repair, improve, maintain, operate, manage, lease, dispose of, and otherwise deal with a 90-unit apartment property located in Tacoma, Washington. Pursuant to the First Amendment to the Amended and Restated Operating Agreement dated August 25, 2008, the Housing Authority is the Managing Member, MMA Special LP, Inc. is the Special Member and Boston Financial Institutional Tax Credits XXIX, LP is the Investor Member.
- Salishan Three LLC – A Washington state limited liability company formed in January 2005 to acquire, construct, develop, repair, improve, maintain, operate, manage, lease, dispose of, and otherwise deal with a 90-unit apartment property located in Tacoma, Washington. In accordance with the provisions of the Amended and Restated Operating Agreement dated November 2, 2005, the Housing Authority is the Managing Member, MMA Special Limited Partner, Inc. is the Special Member and Boston Financial Institutional Tax Credits XXIX, LP is the Investor Member.
- Salishan Four LLC – A Washington state limited liability company formed in December 2005 to acquire, construct and operate a 90-unit apartment property located in Tacoma, Washington. Pursuant to the Amended and Restated Operating Agreement dated March 5, 2008, the Housing Authority is the Managing Member, RBC Tax Credit Manager II, LLC is the Administrative Special Member and AHC Salishan, LLC is the Investor Member.
- Salishan Five LLC – A Washington state limited liability company formed in January 2007 to acquire, construct and operate a 90-unit apartment complex comprised of 46 residential buildings situated in Tacoma, Washington. In accordance with the provisions of the Amended and Restated Operating Agreement dated June 1, 2008, the Housing Authority is the Managing Member, RBC Tax Credit Manager II, LLC is the Administrative Special Member and AHC Salishan II, LLC is the Investor Member.
- Salishan Six LLC – A Washington state limited liability company formed in December 2007 to acquire, construct and operate a 90-unit property located in Tacoma, Washington. Pursuant to the Second Amended and Restated Operating Agreement dated April 1, 2009, the Housing Authority is the Managing Member, RBC Tax Credit Manager II, Inc. is the Special Member and RBC Salishan VI, LLC is the Investor Member.
- 2500 Yakima LLLP – A Washington state limited liability limited partnership formed in September 2011 to acquire, construct, rehabilitate, develop, repair, improve, maintain, operate, manage, lease, dispose of, and otherwise deal with a 70-unit property known as Bay Terrace Apartments I situated in Tacoma, Washington. In accordance with the provisions of the First Amended and Restated Partnership Agreement dated April 3, 2013, the Housing Authority is the General Partner, Wincopin Circle LLLP is the Withdrawing Partner and Enterprise Housing Partners XXIV Limited Partnership is the Limited Partner.

- 2500 Court G, LLLP – A Washington state limited liability limited partnership formed in September 2011 to acquire, construct, rehabilitate, develop, repair, improve, maintain, operate, manage, lease, dispose of, and otherwise deal with a 74-unit property known as Bay Terrace Apartments II situated in Tacoma, Washington. In accordance with the provisions of the First Amended and Restated Partnership Agreement dated April 19, 2016 the Housing Authority is the General Partner, Tacoma Housing Development Group is the Withdrawing Limited Partner, RBC-Bay Terrace II, LLC is the Limited Partner, and RBC Tax Credit Manager II, Inc. is the Special Limited Partner.
- Renew Tacoma Housing, LLLP – A Washington state limited liability limited partnership formed in July 2015 to acquire, develop, rehabilitate, lease, maintain and operate nine apartment complexes with a total of 456 units; the nine apartment complexes are located in Tacoma, Washington. In accordance with the provisions of the Amended and Restated Agreement of Limited Partnership dated April 1, 2016, the Housing Authority is the General Partner, RBC-Tacoma Portfolio, LLC is the Limited Partner, and RBC Tax Credit Manager II, Inc. is the Special Limited Partner.

These twelve component units were established to enable participation in the Low Income Housing Tax Credit program authorized under Section 42 of the Internal Revenue Code and administered by the Washington State Housing Finance Commission. The tax credits allocated under this program provided for a major source of funding for the modernization or new construction of these properties.

All twelve component units have a December 31 year-end. The financial statements of the component units are audited separately and are presented as of December 31, 2015. Copies of these audited statements can be obtained by contacting the Housing Authority. Condensed financial information for each of the component units is provided in [Note 12](#). Although these component units do not follow government accounting standards, for presentation purposes certain transactions and balances may be reflected differently in the Housing Authority's financial statements than in the separately issued statements in order to conform to the presentation and classifications of the Housing Authority's statements.

On December 31, 2016 the investor member of the MLK New Look, LLC withdrew from the company and gifted the MLK New Look apartment complex to the Housing Authority, its special member. In accordance with GASB Statement 69 (Government Combinations and Disposals of Government Operations), the Housing Authority did not report the MLK New Look, LLC as a component unit for the year ended December 31, 2016, but instead treated it as a government merger. See [Note 2](#) for more details.

#### Blended component unit

The Housing Authority has one component unit, which is blended. Although it is a legally separate 501(c)(3) non-profit corporation, the Tacoma Housing Development Group (THDG) component unit of the Housing Authority is reported as if it was part of the Housing Authority. THDG is governed by a four-member board consisting of officers (Directors and the Executive Director) of the Housing Authority. THDG's purpose is to facilitate the functions of the Housing Authority in support and development of safe and affordable low-income housing. Because the governing body of THDG is appointed by the Housing Authority and THDG's sole purpose is to service and benefit the Housing Authority, its financial statements have been blended with those of the Housing Authority.

THDG has a December 31 year-end and its financial statements are presented as of December 31, 2016. The financial statements of this blended component unit are not audited separately.

Condensed combining information for the THDG component unit is provided in [Note 12](#).

#### b. Basis of Accounting and Presentation

Accounting records are maintained according to the proprietary fund model that is similar to private business enterprises. The Housing Authority's financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of related cash flows. Capital asset

purchases are capitalized depreciated over their useful lives and long-term liabilities are accounted for in the proprietary fund.

The proprietary fund is composed of a number of programs. These programs (both federally and locally financed housing programs) are designed to provide quality affordable housing opportunities and increase the self-sufficiency of those housed. The major programs are described as follows:

*Low Income Public Housing* – The Housing Authority owns, operates and maintains one property consisting of 31 scattered sites public housing units that are expected to be fully disposed of by the end of 2017. The Housing Authority also is the General Partner/Managing Member in the twelve component unit properties listed above consisting of 1,202 units of which 353 are public housing units. The program offers income-based rent for elderly, disabled and single families who qualify under the low-income guidelines. Typically residents pay 30% of their adjusted income in rents. Revenues for the properties consist of rents, other fees collected from tenants and an operating subsidy received from HUD. The Housing Authority's operating 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. Substantially all additions and improvements to Housing Authority owned land, structures and equipment of public housing are accomplished through these capital grant funds.

*Tenant-Based Housing Choice Vouchers* – The Housing Authority provides rental assistance payments to about 3,400 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 maintained and managed by private landlords and subsidized with the use of a housing voucher. Generally the participants pay up to 30% of their income towards rent and the Housing Authority pays the remainder. The Housing Authority targets this program to the elderly, disabled households and families that are homeless or at the risk of homelessness.

*Project-Based Section 8 Housing* – Under this program, subsidies are assigned to qualifying housing units rather than to qualifying individuals or families. The Housing Authority manages the subsidy payments under the Section 8 Moderate Rehabilitation Single Room Occupancy program for 41 units at Jefferson Apartments owned by Tacoma Rescue Mission, and 30 units at South Yakima Apartments owned by the Tacoma Metro Development Council. Additionally, the Housing Authority manages the payments of 279 regular project-based vouchers in its discretely presented component units (Hillside Terrace, Salishan and Bay Terrace properties), 456 project-based vouchers in its discretely presented component unit (Renew Tacoma Housing) that converted from the Low Income Public Housing program to the Project-Based Section 8 Housing program, 90 project-based vouchers in the Housing Authority's Salishan Seven property and 389 project-based vouchers in projects owned by various non-profit organizations.

*Non-Subsidized Housing* – In addition to the above listed subsidized housing programs, the Housing Authority also develops, owns and operates non-subsidized housing. The Housing Authority's current non-subsidized housing portfolio was in part financed using tax-exempt revenue bonds. State laws governing this type of financing require that fifty percent of the housing be affordable housing. The Housing Authority owns the 49-unit Outrigger Apartments, the 15-unit Prairie Oaks Condominium and the 49-unit MLK New Look Apartments that are non-subsidized housing.

*Supportive Services Programs* – The Housing Authority serves a wide assortment of people with special needs such as the homeless, the elderly, the disabled and the mentally ill. The Housing Authority provides resident-focused programs in its developments and for its voucher holders in partnership with many local public and private agencies to provide supportive service programs including job/education training and self-sufficiency programs. These services are funded using federal, state, local government and private monies.

*Moving to Work* - The Housing Authority, recognized by HUD as a high-performing housing authority, was selected to participate in HUD's Moving to Work (MTW) Demonstration Program

effective August 23<sup>rd</sup>, 2010. The program allows the Housing Authority an exemption from certain parts of Section 8 and 9 of the Housing Act of 1937, and to reallocate HUD funding received for public housing and housing choice voucher programs in accordance with the MTW agreement and annual MTW plans approved by HUD.

c. Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, demand deposits and short-term investments. For purposes of the statement of cash flows, the Housing Authority considers all highly liquid investments (including restricted assets) with maturities of three months or less when purchased to be cash equivalents. This classification includes undeposited receipts, petty cash, cash on deposit in private bank accounts, money market accounts and cash on deposit with fiscal agents. Cash held for future payment of long-term liabilities is classified as non-current asset.

d. Investments

The Housing Authority invests excess cash not needed for operations in certificates of deposit, the Washington State Local Government Investment Pool (LGIP), or direct obligations of the U.S. Government pursuant to requirements of Washington State law in Chapter 39.58 RCW and HUD-imposed investment restrictions. At times, the Housing Authority also maintains investments held by trustees. Investments held by trustees are restricted for specific uses including capital additions and improvements and debt service. Investments are reported at fair value with the exception of the LGIP, which is carried at amortized cost. Fair value is determined based on quoted market prices for the investments. The net increase (decrease) in the fair value of investments is recognized as a component of investment income. See [Note 4](#).

e. Receivables

Accounts receivable consist primarily of amounts due from tenants for rent and other charges, cost reimbursements due from grantors, and notes and interest receivable from tax-credit partnerships for development funds loaned to them. Annually, tenant receivable balances are analyzed and the allowance for doubtful accounts is estimated and adjusted in accordance with historical experience. Other receivable allowances are established for uncertain collectibles. No allowances existed at December 31<sup>st</sup>, 2016, other than the allowance for tenant accounts receivable.

f. Prepaid Expenses

Prepaid expenses represent amounts paid in advance of the period which the expenses benefit. Prepaid expenses consist primarily of the current portion of insurance premiums, payments in lieu of taxes, annual software licenses and postage.

g. Restricted Assets

Certain resources (cash deposits, investments and receivables) are classified as restricted assets if their use for general operating purposes is legally or contractually prohibited and such use limitations are externally imposed by creditors, funding source agreements or legislation. The assets held in these accounts are restricted for specific uses, including capital additions and improvements, housing assistance payments, debt service, Family Self-Sufficiency (FSS) escrows, and other special reserve requirements.

h. Capital Assets

Major expenses for capital assets, including capital leases and major repairs that increase useful lives, are capitalized. Maintenance, repairs and minor renewals are accounted for as expenses when incurred. Capital assets are defined by the Housing Authority as assets with an initial individual cost of at least \$5,000 and estimated useful life in excess of 1 year. Capital assets are recorded at cost where the historical cost is known and at estimated historical cost where no records exist. Donations are recorded at acquisition value at the time of donation. Capital project costs clearly associated with the acquisition, development and

construction of a real estate development project, including indirect costs and interest during the period of construction, are capitalized as a cost of that project.

Management reviews land, structures and equipment for possible impairment to determine if a decline in service utility is significant and unexpected. If an asset is considered impaired the amount of impairment loss is determined in accordance with GASB Statement No. 42 using either the Restoration Cost Approach, the Service Units Approach, or the Deflated Depreciated Replacement Cost Approach. Upon retirement or other disposition of property and equipment the cost and related accumulated depreciation are removed from the respective accounts and any gains or losses are included in non-operating revenues and expenses.

Capital assets are depreciated using the straight-line method with depreciation commencing in the acquisition year and using the half-year convention for the first and last year. Depreciable lives for the capital assets are generally as follows:

Land	no depreciation
Construction-In-Progress	no depreciation
New Construction & Building Acquisition	25-40 years
Modernization of buildings & structures	15-20 years
Site Improvements	15-20 years
Machinery, Equipment and Furniture	5-7 years
Software (Intangible Assets)	5-10 years

See [Note 5](#) for the capital asset components and balances at December 31, 2016 and activity for the fiscal year.

i. Deferred Outflows/Inflows of Resources

Transactions that result in the consumption of net position in one period that are applicable to future periods are presented as deferred outflows of resources. Transactions that result in an acquisition of net position that is applicable to future periods are presented as deferred inflows of resources.

j. Compensated Absences

Compensated absences are absences for which employees will be paid, such as vacation and sick leave. The Housing Authority records unpaid leave for compensated absences as an expense and liability when incurred and adjusts the liability and expense at year-end to meet the requirements of GASB Statement No. 16, *Accounting for Compensated Absences*. The liability for compensated absences reported in the financial statements consists of unused, accumulated vacation balances and vested sick leave balances adjusted to the maximum amount allowed as a termination payment.

Vacation pay, which may be accumulated up to 40 days, is payable upon resignation, retirement or death. Sick leave may be accumulated without limit; however, payouts are limited to 25% of the first 120 days upon resignation or 50% of the first 120 days upon retirement or death.

k. Unearned Revenue

The Housing Authority has unearned revenue from operating lease payments, operating grant payments, and tenant rent payments received in advance of the period in which these are considered earned. Under reimbursement agreements, receipts from grantors are not earned until the related expenditures occur. These receipts are recorded as unearned revenue, except for amounts recorded as deferred inflows when the only eligibility requirement not met is the time requirement.

The Housing Authority received operating lease payments from Salishan Senior Housing for the lease of land and recognizes the lease payments over the lease term while showing the unearned lease payments as unearned revenue. The operating grant payments were paid by grantors and will be recognized as

revenue in the following fiscal year when the related qualifying expenditures occur. Unearned tenant rent payments were received at year-end before they were due.

l. 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. See [Note 11](#) for more details.

m. Tax Exemption

The Housing Authority is qualified as a tax-exempt organization under the provisions of Section 115(1) of the Internal Revenue Code. Accordingly, no provision for income taxes is reflected in the accompanying statements. Under state law (RCW 35.82.210) the Housing Authority is exempt from all taxes imposed by cities, counties, the state or any political subdivision thereof. Pursuant to an agreement with the City of Tacoma, the Housing Authority makes a Payment in Lieu of Taxes (PILOT) to reimburse the City for services provided.

n. Operating Revenues/Expenses

The Housing Authority reports operating revenues as defined for cash flow purposes in GASB Statement No. 9. Operating revenues result from fees and charges for providing services in connection with the ongoing operations of providing and developing housing. Operating expenses are those expenses that are directly incurred in the operation of providing housing and supporting services, including depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. Operating subsidies and grants are classified as non-operating revenues and are presented as cash flows from non-capital financing activities in the statement of cash flows. Revenue from capital grants is classified as capital grant contributions and is presented as cash flow from capital and related financing activities in the statement of cash flows.

o. Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported as assets and liabilities, disclosure of contingencies as of the date of the financial statements, and the revenue and expenses reported during the reporting period. Significant estimates and assumptions require the exercise of judgment and are used for, but not limited to, allowance for doubtful accounts, useful lives for depreciation, lease classifications and contingencies. Actual results could differ from those estimates.

p. New Accounting Standards Adopted

During the fiscal year ended December 31, 2016, the following new accounting standards issued by the GASB became effective and were implemented by the Housing Authority:

- Statement No. 72, Fair Value Measurement and Application, effective for financial statement periods beginning after June 15, 2015. This statement did not have a material impact on the financial statements of the Housing Authority for the year ended December 31, 2016.
- Statement No. 79, Certain External Investment Pools and Pool Participants, effective for financial statement periods beginning after June 15, 2015. This statement did not have a material impact on the financial statements of the Housing Authority for the year ended December 31, 2016.

**NOTE 2 – PRIOR PERIOD ADJUSTMENTS**

a. Change in Reporting Entity

On December 31<sup>st</sup>, 2016 the MLK New Look, LLC transferred its assets, liabilities and operations to the Housing Authority while receiving no consideration for the donation. The MLK New Look, LLC was in the prior fiscal year ending December 31<sup>st</sup>, 2015 reported as a component unit of the Housing Authority and consists of a 49-unit low-income apartment complex. In accordance with GASB Statement No. 69, the transfer is considered a government merger and the merger is effective as of January 1, 2016, with all operations for 2016, assets and liabilities reported by the Housing Authority. Before the merger, as of December 31<sup>st</sup>, 2015, the MLK New Look, LLC had a note payable and related interest payable to the Housing Authority, which were eliminated as part of the merger. The note payable consisted of a current portion of \$15,900, a non-current portion of \$1,144,588, and a related interest payable of \$7,497.

The initial opening balances of the Housing Authority's assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position, as of the beginning of the year, were determined on the basis of the carrying values reported in the separate financial statements of MLK New Look, LLC and the Housing Authority as of December 31, 2015, as follows:

	MLK New Look, LLC	Housing Authority	Total	Adjustments		Total
				Debit	Credit	
<b>ASSETS</b>						
Current Assets	\$ 491,607	\$ 16,923,182	\$ 17,414,789	\$ -	\$ 23,397	\$ 17,391,392
Capital Assets	2,840,712	57,939,891	60,780,603	-	-	60,780,603
Other Assets	-	56,121,946	56,121,946	-	1,144,588	54,977,358
<b>TOTAL ASSETS</b>	<b>3,332,319</b>	<b>130,985,019</b>	<b>134,317,338</b>	<b>-</b>	<b>1,167,985</b>	<b>133,149,353</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Deferred Outflows Related to Pensions	-	817,683	817,683	-	-	817,683
<b>LIABILITIES</b>						
Current Liabilities	119,889	2,614,220	2,734,109	15,900	-	2,718,209
Noncurrent Liabilities	2,134,455	41,820,335	43,954,790	1,144,588	-	42,810,202
<b>TOTAL LIABILITIES</b>	<b>2,254,344</b>	<b>44,434,555</b>	<b>46,688,899</b>	<b>1,160,488</b>	<b>-</b>	<b>45,528,411</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Deferred Inflows Related to Pensions	-	910,028	910,028	-	-	910,028
<b>NET POSITION</b>						
Net Investment in Capital Assets	1,199,574	39,134,469	40,334,043	-	1,160,488	41,494,531
Restricted	432,051	3,778,326	4,210,377	-	-	4,210,377
Unrestricted	(553,650)	43,545,324	42,991,674	1,167,985	-	41,823,689
<b>TOTAL NET POSITION</b>	<b>\$ 1,077,975</b>	<b>\$ 86,458,119</b>	<b>\$ 87,536,094</b>	<b>\$ 2,328,473</b>	<b>\$ 2,328,473</b>	<b>\$ 87,528,597</b>

The difference in current assets and current liability adjustments was caused by the MLK New Look, LLC not accruing the interest payable of \$7,497 on the note payable to the Housing Authority as of December 31, 2015, whereas the Housing Authority accrued the interest receivable from MLK New Look, LLC. This also resulted in the same difference in the related Change in Reporting Entity reported by the Housing Authority than that reported by the Discretely Presented Component Units.

b. Change in Accounting Principle

Discretely Presented Component Units

The financial statements of the Discretely Presented Component Units are prepared in accordance with the standards set by the Financial Accounting Standards Board (FASB). Effective January 1, 2016 the Discretely Presented Component Units adopted the provisions of FASB Accounting Standards Update 2015-03, *Simplifying the Presentation of Debt Issuance Costs*, resulting in the retrospective presentation of all debt issuance costs as a direct deduction from the carrying amount of the related debt obligation and amortization of the debt issuance cost using the effective interest rate method. The effect of retrospective

application of the accounting change for all Discretely Presented Component Units resulted in an adjustment to beginning net position of \$948.

### **NOTE 3 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

State laws and certain bond covenants require that the Housing Authority maintain occupancy in housing projects at specified numbers of low-income families. During the fiscal year, the Housing Authority satisfied all compliance requirements specified in its bond and loan covenants. There have been no material violations of finance-related legal or contractual provisions.

### **NOTE 4 – DEPOSITS AND INVESTMENTS**

#### a. Deposits

The Housing Authority's deposits are entirely covered by Federal Depository Insurance Corporation (FDIC) or by collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission (PDPC), established under Chapter 39.58 of the Revised Code of Washington. Deposits that are in excess of the FDIC insured amount are secured by collateral through the Washington State Public Deposit Protection Act, which was adopted in 1969. Under the Washington State Public Deposit Protection Act, each public depository is required to contribute to a common pool of pledged securities. In the event of default of one bank, all participating banks in Washington State will collectively assure that no loss of funds will be suffered by any public treasurer or custodian of public funds.

#### Custodial Credit Risk

Custodial Credit Risk is the risk that, in the event of a bank failure, the Housing Authority's deposits may not be returned to it. The Housing Authority does not place deposits in accounts that are not insured and/or not collateralized and consequently is not exposed to custodial credit risk.

#### b. Investments

The Housing Authority makes all investments pursuant to the requirements of Washington State law codified in Chapters 39.59 RCW and 35.82.070(6) RCW, HUD and the investment policies adopted. The Housing Authority only invests in bonds or other obligations issued or guaranteed by the United States, the Washington State Local Government Investment Pool (LGIP), or certificates of deposits issued by qualified banks located in the state of Washington.

The LGIP, an external investment pool, is managed by the State Treasurer's office and is not registered with the SEC as an investment company. The LGIP is operated in a manner consistent with Rule 2a-7 money market funds, as regulated by the Securities and Exchange Commission. The LGIP manages a portfolio of securities that meet the maturity, quality, diversification and liquidity requirements set forth by the GASB for external investment pools that elect to measure, for financial reporting purposes, investments at amortized cost. The funds are limited to high quality obligations with regulated maximum and average maturities to minimize both market and credit risk. Investments are reported on a trade date basis in accordance with GAAP.

Investments with the LGIP meet the criteria of cash and cash equivalents because these can be liquidated upon demand. However, the Housing Authority treats these as investments because of their intended long-term use. The income, gains and losses – net of administration fees – of the LGIP are allocated based upon the participant's average daily balance. The fair value of the LGIP investment pool is approximately equal to the value of the pool shares.

The Housing Authority entered into a Cash Collateral Assignment and Security Agreement in connection with the rehabilitation of 9 public housing properties containing 456 residential units. Under this agreement U.S. Bank National Association (NA), acting as the Collateral Agent, agreed to hold \$4,750,000 as escrow agent as repayment guarantee in connection with a \$45.0 million note used to fund the rehabilitation work. Under this agreement U.S. Bank invested the cash collateral in the Federated



Institutional Tax-Free Cash Trust (FFTX), Cusip # 608919486, a money market obligations trust containing high-quality, tax-exempt securities maturing in 7 days or less.

Investments in the FFTX funds meet the criteria of cash and cash equivalents because these can liquidated upon demand. For financial statement reporting purposes these are included in restricted cash and cash equivalents – capital projects.

When required, the Housing Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Housing Authority’s policy for reducing its exposure to credit risk is to comply with HUD authorized investment instruments and Washington State law which limit investments to low risk investment instruments. In line with Washington State laws, the Local Government Investment Pool (LGIP) investment policy limits the types of securities available for investment to obligations of the U.S. government or its agencies, obligations of government-sponsored corporations, banker’s acceptances, commercial paper, deposits with qualified public depositories, or obligations of the state of Washington or its political subdivisions. Banker’s acceptances and commercial paper must be rated with the highest short-term credit rating of any two Nationally Recognized Statistical Rating Organizations (NRSROs) at the time of purchase. The aggregate total of commercial paper and banker’s acceptances is limited to 35% of the portfolio. As of December 31, 2016, the LGIP did not have any banker’s acceptances, commercial paper, or municipal bonds in its portfolio.

Investment Type	Fair Value	Quality Ratings			
		AAA	AA	A	Unrated
Washington State Local Government Investment Pool	\$ 1,630,170	\$ -	\$ -	\$ -	\$ 1,630,170
FFTX	4,754,147	4,754,147			
Total	\$ 6,384,317	\$ 4,754,147	\$ -	\$ -	\$ 1,630,170

The credit ratings for the FFTX money market funds were those issued by Standard & Poor’s and Fitch.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty to a transaction, the Housing Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Housing Authority does not have a formal policy for custodial credit risk. The investments in the Local Government Investment Pool and the FFTX money market funds are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Housing Authority’s policy for managing its exposure to fair value losses is to engage in investment practices that limit the maximum maturity of variable rate investments to not greater than two years. All investments held by the Housing Authority as of December 31, 2016 had maturities less than one year.

The Housing Authority is currently not exposed to concentration risk, as defined in GASB Statement No. 40, since the investments consist of pooled investments.

c. Discretely Presented Component Unit Deposits

As of December 31, 2016, the discretely presented component units' carrying amount of deposits was \$13,050,047. These deposits are entirely covered by Federal Depository Insurance Corporation (FDIC) or by collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission (PDPC), established under Chapter 39.58 of the Revised Code of Washington. Deposits that are in excess of the FDIC insured amount are secured by collateral through the Washington State Public Deposit Protection Act, which was adopted in 1969. Under the Washington State Public Deposit Protection Act, each public depository is required to contribute to a common pool of pledged securities. In the event of default of one bank, all participating banks in Washington State will collectively assure that no loss of funds will be suffered by any public treasurer or custodian of public funds.

**NOTE 5 – CAPITAL ASSETS**

Capital asset activity for the Housing Authority for the year ended December 31, 2016 was as follows:

<b>Housing Authority</b>					
	Balance 1/1/2016	Additions	Transfers	Disposals	Balance 12/31/2016
Capital assets not being depreciated					
Land	\$ 11,173,872	\$ 1,015,027	\$ 709,693	\$ (117,956)	\$ 12,780,636
Construction-In-Progress	3,506,497	449,532	(1,212,436)	(2,407,052)	336,541
Total capital assets not being depreciated	14,680,369	1,464,559	(502,743)	(2,525,008)	13,117,177
Capital assets being depreciated					
Buildings	65,801,046	2,742,902	37,934	(37,591,931)	30,989,951
Improvements other than Buildings	15,571,918	75,935	464,809	(2,346,345)	13,766,317
Equipment	3,439,207	18,930	-	(587,147)	2,870,990
Intangible Assets	657,339	803,655	-	-	1,460,994
Total capital assets being depreciated	85,469,510	3,641,422	502,743	(40,525,423)	49,088,252
Less accumulated depreciation	(42,209,988)	(2,641,933)	-	28,555,906	(16,296,015)
Total capital assets being depreciated, net	43,259,522	999,489	502,743	(11,969,517)	32,792,237
<b>TOTAL CAPITAL ASSETS, NET</b>	<b>\$ 57,939,891</b>	<b>\$ 2,464,048</b>	<b>\$ -</b>	<b>\$ (14,494,525)</b>	<b>\$ 45,909,414</b>

Preliminary costs incurred for proposed projects are expensed until a project completion becomes feasible. Costs relating to projects ultimately constructed are capitalized to the project; charges that relate to abandoned projects are expensed. In 2016 no interest was capitalized.

Capital asset activity for the Discretely Presented Component Units for the year ended December 31, 2016 was as follows:

**Discretely Presented Component Units**

	Balance 1/1/2016	Additions	Transfers	Disposals	Balance 12/31/2016
Capital assets not being depreciated					
Land	\$ 805,823	\$ -	\$ -	\$ -	\$ 805,823
Construction-In-Progress	1,428,921	41,960,011	(21,158,551)	-	22,230,381
Total capital assets not being depreciated	2,234,744	41,960,011	(21,158,551)	-	23,036,204
Capital assets being depreciated					
Buildings	118,398,233	30,640,000	19,184,598	-	168,222,831
Improvements other than Buildings	10,011,486	-	1,175,831	-	11,187,317
Equipment	2,985,745	11,909	798,122	-	3,795,776
Total capital assets being depreciated	131,395,464	30,651,909	21,158,551	-	183,205,924
Less accumulated depreciation	(26,576,751)	(4,186,197)	-	-	(30,762,948)
Total capital assets being depreciated, net	104,818,713	26,465,712	21,158,551	-	152,442,976
<b>TOTAL CAPITAL ASSETS, NET</b>	<b>\$ 107,053,457</b>	<b>\$ 68,425,723</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 175,479,180</b>

The additions of construction in progress for the discretely presented component units relates to the construction of the 2500 Court G LLLP property and the rehabilitation work for the Renew Tacoma Housing, LLLP properties. The additions of buildings is the result of the acquisition of the nine properties that Renew Tacoma Housing, LLLP purchased from the Housing Authority. Transfers of construction-in-progress to buildings, improvements and equipment is the result of placing the improvements to three of the nine properties in service for the rehabilitation work completed for Renew Tacoma Housing, LLLP.

**NOTE 6 – CONSTRUCTION IN PROGRESS**

Construction-In-Progress represents expenses to date on projects for which authorizations total \$747,985. Construction-In-Progress consists of the following:

	Project Authorization	Expended through 12/31/2016	Committed	Required Future Financing
MLK New Look	219,311	142,766	76,545	-
Public Housing Scattered Sites	528,674	360,808	167,866	-
	<u>\$ 747,985</u>	<u>\$ 503,574</u>	<u>\$ 244,411</u>	<u>\$ -</u>
Public Housing Scattered Sites Placed in Service		(167,033)		
Net Construction-In-Progress		<u>\$ 336,541</u>		

**NOTE 7 – NOTES RECEIVABLE**

The Housing Authority has entered into various loan agreements with its discretely presented component units during their formation and construction phases. The outstanding principal balances on these loans are presented in the Notes Receivable from Component Units balance in the financial statements. The related accrued interest balances are presented in the Interest Receivable from Component Units balance in the financial statements. Included in the Notes Receivable balance are also Operating Deficit loans that the Discretely Presented Component Units are unable to pay within one year of the financial statement date. The balances consist of the following:

**Schedule of Notes Receivable Balances**

<b>Description and Terms</b>	<b>Rate</b>	<b>Noncurrent Notes Receivable</b>	<b>Current Notes Receivable</b>	<b>Interest</b>	<b>Total</b>
Financing Loan to Hillside Terrace I, LLP Balance due December 18, 2047	0.00%	\$ 1,893,162	\$ -	\$ -	\$ 1,893,162
Construction/Permanent (CDBG) Loan to Hillside Terr. I, LLP Payments subject to residual receipts Balance due December 1, 2042	0.00%	176,050	-	-	176,050
Operating Deficit Loan to Hillside Terrace I, LLP Payments subject to residual receipts Balance due December 1, 2018	0.00%	299,192	-	-	299,192
Financing Loan to Hillside Terrace II, LLP Interest payments subject to residual receipts Balance due March 4, 2058	4.94%	442,994	-	339,970	782,964
Construction/Permanent (CTED) Loan to Hillside Terr. II, LLP \$2,688 Quarterly from 4/1/2005 to 4/1/2044	3.00%	199,717	3,518	-	203,235
Operating Deficit Loan to Hillside Terrace II, LLP Payments subject to residual receipts Balance due December 1, 2019	0.00%	106,541	-	-	106,541
Financing Loan (A) to Hillside Terrace 1500 Block, LLP Payments subject to residual receipts Balance due May 5, 2060	4.94%	510,000	-	252,766	762,766
Financing Loan (B) to Hillside Terrace 1500 Block, LLP Payments subject to residual receipts Balance due May 5, 2055	0.50%	452,418	-	21,919	474,337
Operating Deficit Loan to Hillside Terrace 1500 Block, LLP Payments subject to residual receipts Balance due December 1, 2020	0.00%	128,347	-	-	128,347
Financing Loan (A) to Salishan One, LLC Payments subject to residual receipts Balance due December 31, 2059	5.34%	2,381,557	-	1,734,960	4,116,517
Financing Loan (B) to Salishan One, LLC Payments subject to residual receipts Balance due December 31, 2059	4.00%	750,000	-	358,932	1,108,932
Construction/Permanent (AHP) Loan to Salishan One, LLC Balance due January 13, 2045	0.10%	629,910	-	7,160	637,070
Construction/Permanent (HTF) Loan to Salishan One, LLC \$1,875 Quarterly from 5/31/07 to 2/28/21 \$14,849 Quarterly from 5/31/21 to 2/28/46	0.00% 0.50%	1,419,375	7,500	-	1,426,875
Financing Loan (A) to Salishan Two, LLC Payments subject to residual receipts Balance due December 31, 2059	5.34%	1,328,845	-	1,410,898	2,739,743
Financing Loan (B) to Salishan Two, LLC Payments subject to residual receipts Balance due December 31, 2059	4.00%	400,000	-	191,430	591,430

**Schedule of Notes Receivable Balances (continued)**

<b>Description and Terms</b>	<b>Rate</b>	<b>Noncurrent Notes Receivable</b>	<b>Current Notes Receivable</b>	<b>Interest</b>	<b>Total</b>
Construction/Permanent (AHP) Loan to Salishan Two, LLC Balance due January 13, 2045	0.10%	629,910	-	7,160	637,070
Construction/Permanent (HTF) Loan to Salishan Two, LLC \$1,875 Quarterly from 10/31/07 to 7/31/21 \$14,849 Quarterly from 10/31/21 to 7/31/46	0.00% 0.50%	1,423,125	7,500	-	1,430,625
Financing Loan (A) to Salishan Three, LLC Payments subject to residual receipts Balance due November 1, 2060	4.90%	3,868,514	-	1,540,881	5,409,395
Construction/Permanent (AHP) Loan to Salishan Three, LLC Balance due March 31, 2060	5.21%	629,910	-	338,523	968,433
Construction/Permanent (HTF) Loan to Salishan Three, LLC \$1,875 Quarterly from 3/31/08 to 12/31/21 \$14,849 Quarterly from 3/31/22 to 12/31/46	0.00% 0.50%	1,425,000	7,500	-	1,432,500
Financing Loan to Salishan Four, LLC Payments subject to residual receipts Balance due June 30, 2064	6.85%	3,270,461	-	2,092,821	5,363,282
Construction/Permanent (HTF) Loan to Salishan Four, LLC \$1,875 Quarterly from 6/30/10 to 3/31/24 \$14,849 Quarterly from 6/30/24 to 3/31/49	0.00% 0.50%	1,441,875	7,500	-	1,449,375
Construction/Permanent (HOME) Loan to Salishan Four, LLC No interest or principal due Balance due June 30, 2049	0.00%	1,000,000	-	-	1,000,000
Construction/Permanent (SHB 2060) Loan to Salishan Four, LLC No interest or principal due Balance due June 30, 2049	0.00%	300,000	-	-	300,000
Financing Loan to Salishan Five, LLC Payments subject to residual receipts Balance due June 30, 2063	5.50%	3,897,823	-	1,181,713	5,079,536
Construction/Permanent (HTF) Loan to Salishan Five, LLC \$1,875 Quarterly from 3/31/11 to 12/31/24 \$14,849 Quarterly from 3/31/25 to 12/31/49	0.00% 0.50%	1,447,500	7,500	-	1,455,000
Construction/Permanent (United Way) Loan to Salishan Five, LLC No interest or principal due Balance due June 30, 2063	0.00%	190,000	-	-	190,000
Construction/Permanent (SHB 2060) Loan to Salishan Five, LLC No interest or principal due Balance due June 30, 2063	0.00%	213,308	-	-	213,308
Operating Deficit Loan to Salishan Five, LLC Payments subject to residual receipts Balance due June 30, 2023	0.00%	63,000	-	-	63,000
Financing Loan to Salishan Six, LLC Payments subject to residual receipts Balance due October 15, 2065	11.85%	981,090	-	632,868	1,613,958
Construction/Permanent (HTF) Loan to Salishan Six, LLC \$2,500 Quarterly from 6/30/11 to 3/31/25 \$19,798 Quarterly from 6/30/25 to 3/31/50	3.00% 3.00%	1,932,500	10,000	425,423	2,367,923

**Schedule of Notes Receivable Balances (continued)**

<b>Description and Terms</b>	<b>Rate</b>	<b>Noncurrent Notes Receivable</b>	<b>Current Notes Receivable</b>	<b>Interest</b>	<b>Total</b>
Construction/Perm (United Way & HOME) Loan to Salishan Six, LLC Payments subject to residual receipts Balance due October 15, 2065	9.35%	510,000	-	221,265	731,265
Financing Loan (CFP) to Salishan Six, LLC Payments subject to residual receipts Balance due October 15, 2065	9.35%	404,030	-	193,380	597,410
Construction/Perm Loan (MTW) to 2500 Yakima, LLLP Payments subject to residual receipts Balance due April 3, 2068	0.75%	6,260,995	-	127,749	6,388,744
Construction/Perm (HTF) Loan to 2500 Yakima, LLLP \$2,513 Quarterly Interest Only from 8/31/14 to 5/31/34 \$26,418 Quarterly from 8/31/34 to 5/31/54	0.50%	2,010,019	-	-	2,010,019
Construction/Perm (HOME) Loan to 2500 Yakima, LLLP No interest or principal due Balance due April 2, 2053	0.00%	1,065,342	-	-	1,065,342
Subsidy Reserve Loan to 2500 Yakima, LLLP No interest or principal due Balance due April 3, 2029	0.00%	532,604	-	-	532,604
Developer Fee Receivable from 2500 Yakima, LLLP No interest or principal due Balance due December 31, 2028	0.00%	291,690	24,126	-	315,816
Construction/Perm A Loan to 2500 Court G, LLLP Payments subject to residual receipts Balance due April 1, 2056	8.00%	400,000	-	22,444	422,444
Construction/Perm (CDBG) B Loan to 2500 Court G, LLLP Payments subject to residual receipts Balance due April 1, 2056	8.00%	100,000	-	1,124	101,124
Developer Fee Receivable from 2500 Court G, LLLP No interest or principal due Balance due December 31, 2032	0.00%	140,000	500,000	-	640,000
Construction Advance to 2500 Court G, LLLP No interest due Balance due 12/31/17	0.00%	-	169,595	-	169,595
Financing Loan A to Renew Tacoma Housing, LLLP Payments subject to residual receipts Interest Rate prior to Conversion Interest Rate after Conversion (est. 2019) Balance due 4/1/66	5.25% 4.25%	24,640,000	-	907,292	25,547,292
Financing Loan C to Renew Tacoma Housing, LLLP Payments subject to residual receipts Interest Rate prior to Conversion Interest Rate after Conversion (est. 2019) Balance due 4/1/66	5.25% 4.25%	8,500,000	-	312,986	8,812,986
Construction/Perm (Citi) Loan to Renew Tacoma Housing, LLLP Payments subject to residual receipts Interest Rate prior to Conversion Interest Rate after Conversion (est. 2019) Balance due 4/1/66	5.25% 4.25%	22,006,693	-	-	22,006,693

**Schedule of Notes Receivable Balances (continued)**

Description and Terms	Rate	Noncurrent Notes Receivable	Current Notes Receivable	Interest	Total
Developer Fee Receivable from Renew Tacoma Housing, LLLP No interest due Balance due 12/31/19	0.00%	3,592,783	1,000,000	-	4,592,783
Construction Advance to Renew Tacoma Housing, LLLP No interest due Balance due 12/31/17	0.00%	-	86,386	-	86,386
<b>TOTALS</b>		<b>\$ 104,286,280</b>	<b>\$ 1,831,125</b>	<b>\$ 12,323,664</b>	<b>\$ 118,441,069</b>

The maturity schedule for the Notes Receivable as of December 31, 2016 follows.

**Maturity Schedule for Notes Receivable**

Year Ending December 31	Principal	Interest	Total
2017	\$ 1,831,125	\$ 99,676	\$ 1,930,801
2018	24,498,198	2,553,988	27,052,186
2019	1,751,784	15,842	1,767,626
2020	180,958	15,691	196,649
2021	97,735	22,462	120,197
2022 - 2026	1,333,866	216,658	1,550,524
2027 - 2031	2,035,919	240,622	2,276,541
2032 - 2036	2,033,310	190,597	2,223,907
2037 - 2041	2,333,459	129,504	2,462,963
2042 - 2046	3,579,864	114,435	3,694,299
2047 - 2051	4,448,922	1,513,306	5,962,228
2052 - 2056	2,280,134	1,704,083	3,984,217
2057 - 2061	10,311,820	28,370,859	38,682,679
2062 - 2066	42,606,712	218,973,909	261,580,621
2067 - 2071	6,793,599	2,534,673	9,328,272
<b>Total</b>	<b>\$ 106,117,405</b>	<b>\$ 256,696,305</b>	<b>\$ 362,813,710</b>

**NOTE 8 – LEASES**

Operating Leases

The Housing Authority is committed as lessor under various land leases.

1. In 2006 the Housing Authority entered into a land leasing agreement with the Korean Women's Association (KWA), a non-profit organization. KWA built a HUD-202 Senior Living Facility on the Housing Authority's land. The ground lease is for 50 years, with one 25-year extension. At the end of the lease the property reverts back to the Housing Authority. All of the lease payments (\$1 per year) have been paid in advance.
2. The Housing Authority leases land to each of its discretely presented component units (see [Note 1](#)). The ground leases are for periods between 89 and 99 years. At the end of the lease the property reverts back to the Housing Authority. The annual lease payments are \$1 for each of the discretely presented component units.

3. In 2009 the Housing Authority entered into a land leasing agreement with Salishan Senior Housing (SSH), a non-profit organization. SSH built a HUD-202 Senior Living Facility on the Housing Authority's land. The ground lease is for 50 years, with one 25-year extension. At the end of the lease, the property reverts back to the Housing Authority. All of the lease payments totaling \$1,070,000 have been paid in advance. The Housing Authority is recognizing the rent revenue over the lease term and unearned lease payments are shown as unearned revenue. Unearned rental revenue as of December 31, 2016, consisted of \$952,300 noncurrent unearned revenues and \$14,267 current unearned revenues.

The Housing Authority has as lessee entered into lease agreements for various office equipment. Total cost for such leases was \$138,539 for the year ended December 31, 2016. The commitments under these leases are as follows:

1. The Housing Authority's lease agreement for copiers and printers is for annual calendar year periods and can optionally be extended for one-year periods in January of each year. Consequently there were no minimum lease payments remaining on this lease agreement for the year ended December 31, 2016.

**NOTE 9 – LONG-TERM DEBT AND LIABILITIES**

Long-Term Debt

**Housing Authority**

- a. Revenue Bonds:

The Housing Authority issued revenue bonds to finance the construction, acquisition and/or rehabilitation of affordable multi-family housing and related infrastructure. The revenue bonds are being repaid by the Housing Authority's revenues or other sources, as indicated below.

The revenue bonds outstanding as of December 31, 2016 are as follows:

Purpose / Property	Original Amount	Date Issued	Final Maturity	Interest Rate	Amount Outstanding
Outrigger Apartments	2,652,000	10/8/2015	10/31/2025	3.00% <sup>1)</sup>	2,586,304
Total	<u>\$ 2,652,000</u>				<u>\$ 2,586,304</u>

<sup>1)</sup> Rate subject to possible increase 10/8/2022, when it would be adjusted to the tax-exempt rate of Heritage Bank, NA.

The revenue bonds debt service requirements to maturity are as follows:

Year Ending December 31	Principal	Interest	Total
2017	\$ 57,052	\$ 77,875	\$ 134,927
2018	58,814	76,114	134,928
2019	60,628	74,300	134,928
2020	62,293	72,634	134,927
2021	64,419	70,508	134,927
2022 - 2026	<u>2,283,098</u>	<u>251,488</u>	<u>2,534,586</u>
Total	<u>\$ 2,586,304</u>	<u>\$ 622,919</u>	<u>\$ 3,209,223</u>

The Outrigger Revenue Bond was issued to finance the purchase of the Outrigger Apartments. The bond is secured by a deed of trust on the Outrigger Apartments, constituting a lien on the real



property and improvements, as well as an assignment of rents. The Housing Authority has pledged future property revenues, net of operating costs, to repay the principal and interest on the bond when due. During the first seven years the interest rate of the bond is fixed at 3.00% and is subject to adjustment to the then prevalent tax-exempt rate, but not less than 3.00%. Annual principal and interest payments on the bond are expected to require about 65-70% of Net Operating Income generated by the property. Principal and interest paid for the current fiscal year were \$10,568 and \$11,920 respectively.

There are a number of other limitations and restrictions contained in the bond indentures. The Housing Authority is in compliance with all significant limitations and restrictions.

b. Notes Payable

The Housing Authority has long-term notes payable secured by capital assets. These notes were used to acquire, construct and/or rehabilitate capital assets that provide affordable housing.

The Notes Payable outstanding as of December 31, 2016 were:

Purpose / Property	Original Amount	Date Issued	Final Maturity	Interest Rate	Amount Outstanding
KeyBank - WA State HFC Loan	\$ 715,000	3/31/2016	3/31/2024	1.00%	\$ 715,000
Hillside Terr I - CDBG Loan	176,050	12/18/2002	12/1/2042	0.00%	176,050
Hillside Terr II - CTED	250,000	2/1/2005	4/1/2044	3.00%	203,235
Hillside Terr 1500 - SHB 2060	316,166	6/17/2004	6/16/2034	0.00%	316,166
Salishan I - Housing Trust Fund	1,500,000	12/23/2004	2/28/2046	0 - 0.5%	1,426,875
Salishan II - Housing Trust Fund	1,500,000	12/23/2004	7/31/2046	0 - 0.5%	1,430,625
Salishan III - Housing Trust Fund	1,500,000	11/2/2005	12/31/2046	0 - 0.5%	1,432,500
Salishan IV - Housing Trust Fund	1,500,000	6/21/2007	3/31/2049	0 - 0.5%	1,449,375
Salishan IV - HOME Loan	1,000,000	6/28/2007	6/28/2047	0.00%	1,000,000
Salishan IV - SHB 2060 Loan	300,000	6/28/2007	7/1/2037	0.00%	300,000
Salishan V - Housing Trust Fund	1,500,000	6/26/2008	12/31/2049	0 - 0.5%	1,455,000
Salishan V - SHB 2060 Loan	213,308	6/26/2008	6/26/2038	0.00%	213,308
Salishan V - United Way Loan	190,000	6/26/2008	6/26/2048	0.00%	190,000
Salishan VI - Housing Trust Fund	2,000,000	10/15/2008	3/31/2050	0 - 0.5%	1,942,500
Salishan VI - HOME Loan	500,000	10/15/2008	10/15/2048	0.00%	500,000
Salishan VI - United Way Loan	10,000	10/15/2008	10/15/2048	0.00%	10,000
Salishan VII - TCAP/ARRA Loan	11,880,335	1/27/2010	1/31/2050	0.00%	11,880,335
Salishan VII - Housing Trust Fund	2,000,000	1/27/2010	6/30/2051	0 - 0.5%	1,950,000
Bay Terrace I - HOME Loan	1,065,342	4/3/2013	4/3/2053	0.00%	1,065,342
Bay Terrace I - Housing Trust Fund	2,010,019	4/3/2013	5/31/2054	0.50%	2,010,019
Prairie Oaks - Housing Trust Fund	1,764,647	3/17/2014	12/31/2054	0.67% - 1.0%	1,764,647
Prairie Oaks - HOME Loan	250,000	6/2/2014	6/2/2034	0.00%	250,000
Prairie Oaks - SHB 2163 Loan	283,697	6/2/2014	6/2/2044	0.00%	283,272
Renew Tacoma Housing Constr Loan	45,000,000	4/19/2016	5/1/2049	2.82 - 4.21%	22,006,693
New Look - HOME Loan	370,650	4/23/2000	4/23/2040	6.39%	370,650
New Look - CDBG Loan	110,000	4/23/2000	4/23/2040	1.00%	110,000
Total	<u>\$ 77,905,214</u>				<u>\$ 54,451,592</u>

Notes payable debt service requirements to maturity are as follows:

Year Ending December 31	Principal	Interest	Total
2017	\$ 63,517	\$ 26,420	\$ 89,937
2018	74,964	126,629	201,593
2019	75,212	126,381	201,593
2020	75,466	126,128	201,594
2021	120,694	132,794	253,488
2022 - 2026	2,622,759	542,544	3,165,303
2027 - 2031	2,450,503	333,115	2,783,618
2032 - 2036	3,215,054	262,456	3,477,510
2037 - 2041	3,480,173	183,536	3,663,709
2042 - 2046	3,431,127	100,472	3,531,599
2047 - 2051	37,337,396	34,633	37,372,029
2052 - 2056	1,504,727	3,740	1,508,467
Total	\$ 54,451,592	\$ 1,998,848	\$ 56,450,440

The KeyBank – WA State Housing Finance Commission loan was issued by the Housing Finance Commission under the state’s land acquisition program to fund the purchase of the a former KeyBank building and the parcel of land it was constructed upon. The loan is secured by a deed of trust on the property. Under the loan agreement the Housing Authority agreed to use the property for future development in a manner that furthers the goals and objectives of the Housing Assistance Program or Affordable Housing Program. The loan carries an interest rate of 1%, with all interest and principal payments deferred until March 31, 2024. The total interest and principal remaining to be paid on the loan at year-end was \$720,362. Interest accrued during the current fiscal year was \$5,362.

The Hillside Terrace I - CDBG loan was issued to the Housing Authority by the Tacoma Community Redevelopment Authority and re-loaned to the tax credit property (Hillside Terrace I, LP). Debt service is made directly by the partnership entity and the debt is secured by a deed of trust on the property of the partnership but this loan remains a contingent liability of the Housing Authority. The loan is offset with an equivalent amount of notes receivable balance from the tax credit partnership (see [Note 7](#) above).

The Hillside Terrace II – CTED loan was issued by the Washington State Department of Commerce (formerly Department of Community, Trade and Economic Development [CTED]) to the Housing Authority and re-loaned to the tax credit property (Hillside Terrace II, LP). Debt service is made directly by the partnership entity and the debt is secured by a deed of trust on the property of the partnership but this loan remains a contingent liability of the Housing Authority. The loan is offset with an equivalent amount of notes receivable balance from the tax credit partnership (see [Note 7](#) above).

The Hillside Terrace 1500 – SHB 2060 loan was issued by Pierce County to the Housing Authority and re-loaned to the tax credit property (Hillside Terrace 1500 Block, LP). No interest or principal payments are due on this loan and it is forgivable after 30 years if the terms and conditions of the loan agreement are met. The loan remains a contingent liability of the Housing Authority. The loan is offset with an equivalent amount of notes receivable included in the A Loan balance from the tax credit partnership (see [Note 7](#) above).

The Salishan I – Salishan VI Housing Trust Fund loans were awarded to the Housing Authority and re-loaned to the tax credit entities (Salishan One, LLC; Salishan Two, LLC; Salishan Three, LLC; Salishan Four, LLC; Salishan Five, LLC; and Salishan Six, LLC). Debt service is made directly by the tax credit entities and the debt is secured by a deed of trust on the property of the tax credit entities but these loans remain contingent liabilities of the Housing Authority. For the first 2 - 3 years payments and interest are delayed. For the first 14 years of debt service the loans are subject to a

0% interest rate and for the remaining 25 years to a 0.5% interest rate. The loans are offset with an equivalent amount of notes receivable balance from the tax credit entities (see [Note 7](#) above).

The Salishan IV and Salishan VI HOME loans are forgivable loans awarded to the Housing Authority by the Tacoma Community Redevelopment Authority and re-loaned to the tax credit entities (Salishan Four, LLC and Salishan Six, LLC). No interest or principal payments are due on these loans and they are forgivable after 40 years if the terms and conditions of the loan agreements are met. The loans are secured by a leasehold deed of trust on the tax credit properties. Until matured or the properties sold, these loans remain a contingent liability of the Housing Authority. The loans are offset with an equivalent amount of notes receivable balance from the tax credit entity (see [Note 7](#) above).

The Salishan IV and Salishan V SHB 2060 loans are forgivable loans awarded to the Housing Authority by Pierce County and re-loaned to the tax credit entities (Salishan Four, LLC and Salishan Five, LLC). No interest or principal payments are due on these loans and they are forgivable after 30 years if the terms and conditions of the loan agreements are met. The loans are secured by a leasehold deed of trust on the tax credit properties. Until matured or the properties are sold, these loans remain a contingent liability of the Housing Authority. The loans are offset with an equivalent amount of notes receivable balance from the tax credit entity (see [Note 7](#) above).

The Salishan V and Salishan VI United Way loans are forgivable loans awarded to the Housing Authority by the Tacoma Community Redevelopment Authority and re-loaned to the tax credit entities (Salishan Five, LLC and Salishan Six, LLC). No interest or principal payments are due on these loans and they are forgivable after 40 years if the terms and conditions of the loan agreement are met. The loans are secured by a leasehold deed of trust on the tax credit properties. Until matured or the properties are sold, these loans remain a contingent liability of the Housing Authority. The loans are offset with an equivalent amount of notes receivable balance from the tax credit entity (see [Note 7](#) above).

The Housing Authority was awarded an \$11.88 million allocation of Tax Credit Assistance Program (TCAP) funds from HUD through the Washington State Housing Finance Commission for the Salishan Seven property, the final portion of the Salishan redevelopment plan. The TCAP monies were a portion of the American Recovery and Reinvestment Act (ARRA) monies and were meant to fill funding gaps on eligible tax credit projects that were having difficulties finding an equity investor due to deteriorated market conditions. No interest or principal payments are due on the TCAP/ARRA loan and the loan is forgiven after 40 years if the terms and conditions of the loan agreement are met. The loan is secured by a deed of trust on the Salishan Seven property.

In connection with the Salishan Seven property the Housing Authority also entered into a \$2.0 million Housing Trust Fund loan agreement with the Washington State Department of Commerce. For the first 3 years, payments and interest are delayed. For the first 14 years of debt service, the loan is subject to a 0% interest rate and for the remaining 25 years to a 0.5% interest rate. The total interest and principal remaining to be paid on the loan is \$2,070,991. Principal and interest paid for the current fiscal year were \$12,500 and \$0 respectively.

The Housing Authority was awarded a HOME loan by the Tacoma Community Redevelopment Authority for the Bay Terrace I property which was re-loaned to the tax credit entity (Bay Terrace/2500 Yakima LLLP). No interest or principal payments are due on this loan until maturity after 40 years if the terms and conditions of the loan agreement are met. At maturity the entire principal balance is due. The loan is secured by a leasehold deed of trust on the tax credit property. Until matured or the property is sold, this loan remains a contingent liability of the Housing Authority. The loan is offset with an equivalent amount of notes receivable balance from the tax credit entity (see [Note 7](#) above).

The Housing Authority was awarded the Bay Terrace I Housing Trust Fund loan which was re-loaned to the tax credit entity (Bay Terrace/2500 Yakima LLLP). Debt service is made directly by the tax credit entity and the debt is secured by a deed of trust on the property of the tax credit entity

but this loan remains a contingent liability of the Housing Authority. Payments were delayed until August 2015 and interest was delayed until August 2014 at which time interest was rolled into principal until payments commenced. Payments from August 2015 through May 2034 are quarterly interest only payments for \$2,513 and payments from August 2034 through May 2054 are quarterly for principal and interest for \$26,418. The loan is offset with an equivalent amount of notes receivable balance from the tax credit entity (see [Note 7](#) above).

The Housing Authority was awarded the Prairie Oaks Housing Trust Fund loan and a recoverable grant totaling \$3,921,437, consisting of a \$2,156,791 grant portion and a \$1,764,646 loan portion, to help finance the Prairie Oaks Condominium. The terms of the loan require compounding of interest at the rate of 0.67% beginning January 2015 through December 2021 and at the rate of 1.00% from January 2022 through December 2054. The recoverable grant portion of the award has no expectation of repayment if the terms and conditions of the contract have been met through the end of the commitment period in December 2054. The total interest and principal remaining to be paid on the loan is \$2,027,498. Principal and interest paid for the current fiscal year were \$0 and \$11,823 respectively.

The Housing Authority was awarded a HOME loan by the Tacoma Community Redevelopment Authority for the Prairie Oaks property. No interest or principal payments are due on this loan until maturity after 20 years if the terms and conditions of the loan agreement are met. The loan is secured by a leasehold deed of trust on the property. After any default under this Note, the Deed of Trust, Affordability Period, Loan Agreement or Developer Agreement, the Note shall bear interest at 12%. At maturity or upon sale of the property the entire principal balance is due.

The Housing Authority was awarded a forgivable Pierce County SHB (State House Bill) 2163 Homeless Housing and Assistance Program Capital Project Loan for the Prairie Oaks property. No interest or principal payments are due on this loan until maturity after 30 years and the loan is forgivable if the terms and conditions of the loan agreement are met. The loan is secured by a leasehold deed of trust on the property.

The Renew Tacoma Housing Construction Loan was issued to make a loan to the Housing Authority's component unit Renew Tacoma Housing, LLLP (Borrower) for financing the rehabilitation of nine affordable rental housing complexes under the Rental Assistance Demonstration (RAD) project. The interest of the Housing Authority in the Borrower Loan Agreement was assigned to Citibank, N.A. as the funder of the Loan. The Loan is secured by a deed of trust on the nine rental housing complexes, constituting a lien on the real property and improvements, as well as an assignment of rents, and a Completion and Repayment Guarantee by the Housing Authority. The Housing Authority has pledged future property revenues, net of operating costs, to repay the principal and interest on the Loan when due. The interest rate through October 31, 2018 is fixed at 2.82% and increases to 4.21% thereafter. During the construction period interest payments are deferred and rolled into the principal balance. The Loan is expected to be paid down in large part by equity contributions of the limited partner of Renew Tacoma Housing, LLLP, and a permanent loan to the partnership, once the conditions to conversion to permanent loan have been met, which include completion of rehabilitation, eligibility for low-income housing tax credits, and stabilized occupancy. The loan is offset with an equivalent amount of notes receivable balance from the tax credit partnership (see [Note 7](#) above).

The New Look HOME and CDBG Loans were issued in April 2000 to the former owner of the MLK New Look apartments, the MLK New Look, LLC to assist in funding the acquisition of the MLK New Look apartments. As described above (see [Note 2](#)), the property was gifted to the Housing Authority, along with the Housing Authority's assumption of these Loans that were issued by the Tacoma Community Redevelopment Authority (TCRA). Under the original loan agreement with MLK New Look, LLC payments of principal and interest were supposed to commence fifteen (15) years after the date of the Note evidencing the Loan; however, during negotiations on transfer of the property to the Housing Authority TCRA agreed to defer any principal and interest payments until such time that the loans were either entirely forgiven or terms were renegotiated. As of May 2017 there was no revised loan agreement in place for the two loans. The loans are secured by a

deed of trust on the property. Total interest and principal balances on the loans at year-end was \$764,212 for the HOME loan and \$110,000 on the CDBG loan. No interest or principal payments were made during the year.

The Housing Authority and its component units remained in compliance with all significant covenants, terms and conditions of the above notes payable.

c. Changes in Long Term Liabilities

During the year ended December 31, 2016, the following changes occurred in long-term liabilities for the Housing Authority:

	Beginning Balance 1/1/2016	Additions	Reductions	Ending Balance 12/31/2015	Due Within One Year
Bonds Payable	\$ 2,641,432	\$ -	\$ (55,128)	\$ 2,586,304	\$ 57,052
Notes Payable	31,580,790	23,202,343	(331,541)	54,451,592	63,517
Net Pension Liability	5,971,191	1,107,390	-	7,078,581	-
Unearned Rev - Op Lease	980,834	-	(14,267)	966,567	14,267
Interest Payable	376,922	35,728	(7,044)	405,606	6,681
Compensated Absences	693,661	685,699	(602,869)	776,491	27,671
FSS Escrows	107,963	103,825	(112,267)	99,521	-
Totals	\$ 42,352,793	\$ 25,134,985	\$ (1,123,116)	\$ 66,364,662	\$ 169,188

d. Arbitrage Compliance

During the fiscal year the Housing Authority was in compliance with all federal Arbitrage Compliance requirements for all of its debt issuances.

**Discretely Presented Component Units**

a. Real Estate Mortgages

The Discretely Presented Component Units have long-term loans secured by capital assets. These loans were used to acquire capital assets that provide affordable housing. They are being repaid from revenues generated by the properties.

The Real Estate Mortgages outstanding as of December 31, 2016 were:

Purpose / Property	Original Amount	Date Issued	Final Maturity	Interest Rate	Amount Outstanding
Salishan II - ARCS	800,000	12/10/2006	1/1/2017	6.65%	9,095
Salishan III - ARCS	1,480,000	7/20/2007	8/1/2017	6.77%	132,683
Salishan IV - B of A	880,000	12/28/2009	1/1/2020	7.10%	346,009
Salishan V - Berkadia A	1,577,205	8/13/2010	9/1/2025	6.56%	1,489,250
Salishan V - Berkadia B	654,660	8/13/2010	9/1/2020	6.46%	299,412
Salishan VI - WCRA	3,236,065	8/18/2010	7/1/2048	6.25%	3,033,785
Bay Terrace I - Chase	3,525,946	4/10/2015	4/3/2033	4.74%	3,435,317
Total	\$ 12,153,876				\$ 8,745,551

Mortgage debt service requirements to maturity are as follows:

Year Ending December 31	Principal	Interest	Total
2017	\$ 424,551	\$ 491,927	\$ 916,478
2018	301,320	469,939	771,259
2019	321,108	450,151	771,259
2020	211,261	433,559	644,820
2021	135,050	422,935	557,985
2022 - 2026	2,041,309	1,886,814	3,928,123
2027 - 2031	856,818	1,356,766	2,213,584
2032 - 2036	2,644,300	775,792	3,420,092
2037 - 2041	628,203	474,142	1,102,345
2042 - 2046	857,956	244,389	1,102,345
2047 - 2051	323,675	16,721	340,396
Total	<u>\$ 8,745,551</u>	<u>\$ 7,023,135</u>	<u>\$ 15,768,686</u>

b. Notes Payable

The Discretely Presented Component Units have long-term notes payable secured by capital assets. These notes were used to acquire capital assets that provide affordable housing and are mostly included in the notes payable balances to the Housing Authority (see the Housing Authority's Notes Receivable described in [Note 7](#) above).

The Notes Payable outstanding as of December 31, 2016 were:

Purpose / Property	Original Amount	Date Issued	Final Maturity	Interest Rate	Amount Outstanding
Hillside Terrace I - THA	\$ 2,542,167	12/18/2002	12/18/2047	0.00%	\$ 2,069,212
Hillside Terrace II - THA	2,039,154	2/19/2004	3/4/2058	4.94%	442,994
Hillside Terrace II - CTED	250,000	4/1/2003	4/1/2044	3.00%	203,235
Hillside 1500 Block - THA A Loan	510,000	5/5/2005	5/5/2060	4.94%	510,000
Hillside 1500 Block - THA B Loan	452,418	5/5/2005	5/5/2055	0.50%	452,418
Salishan I - Housing Trust Fund	1,500,000	12/23/2004	2/28/2046	0 - 0.50%	1,426,875
Salishan I - AHP (THA)	629,910	1/13/2005	1/13/2045	0.10%	629,910
Salishan I - THA A Loan	2,501,137	1/13/2005	12/31/2059	5.34%	2,381,557
Salishan I - THA B Loan	750,000	1/13/2005	12/31/2059	4.00%	750,000
Salishan II - Housing Trust Fund	1,500,000	12/23/2004	7/31/2046	0 - 0.50%	1,430,625
Salishan II - AHP (THA)	629,910	1/13/2005	1/13/2045	0.10%	629,910
Salishan II - THA A Loan	1,559,168	1/13/2005	12/31/2059	5.34%	1,328,845
Salishan II - THA B Loan	400,000	1/13/2005	12/31/2059	4.00%	400,000
Salishan III - Housing Trust Fund	1,500,000	11/2/2005	12/31/2046	0 - 0.50%	1,432,500
Salishan III - AHP (THA)	629,910	11/2/2005	11/1/2060	5.21%	629,910
Salishan III - THA A Loan	3,868,514	11/2/2005	11/1/2060	4.90%	3,868,514
Salishan IV - Housing Trust Fund	1,500,000	6/21/2007	3/31/2049	0 - 0.50%	1,449,375
Salishan IV - THA A Loan	3,270,462	6/28/2007	6/30/2064	4.90%	3,270,461
Salishan IV - HOME (TCRA)	1,000,000	6/28/2007	6/30/2049	0.00%	1,000,000
Salishan IV - SHB2060 (Pierce Co.)	300,000	6/28/2007	6/30/2049	0.00%	300,000
Salishan V - Housing Trust Fund	1,500,000	6/26/2008	12/31/2049	0 - 0.50%	1,455,000
Salishan V - THA A Loan	4,058,166	6/26/2008	6/30/2063	5.50%	3,897,823
Salishan V - SHB2060 (Pierce Co.)	213,308	6/26/2008	6/30/2063	0.00%	213,308
Salishan V - United Way (TCRA)	190,000	6/26/2008	6/30/2063	0.00%	190,000
Salishan VI - Housing Trust Fund	2,000,000	10/15/2008	12/31/2049	0 - 0.50%	1,942,500
Salishan VI - THA A Loan	1,185,221	10/15/2008	10/15/2065	6.30%	981,090
Salishan VI - THA B Loan	1,018,278	10/15/2008	10/15/2065	6.30%	914,030
Bay Terrace I - HOME (TCRA)	1,065,342	4/3/2013	4/3/2053	0.00%	1,065,342
Bay Terrace I - Housing Trust Fund	2,010,019	4/3/2013	5/31/2054	0.50%	2,010,019
Bay Terrace I - THA A Loan	6,344,486	4/3/2013	4/3/2068	0.75%	6,260,995
Bay Terrace I - THA Subsidy Reserve Loan	532,604	1/20/2015	4/3/2068	0.00%	532,604
Bay Terrace II - THA Construction Advance	169,595	12/31/2016	12/31/2017	0.00%	169,595
Bay Terrace II - THA A Loan	400,000	4/19/2016	4/1/2056	8.00%	400,000
Bay Terrace II - THA B Loan (CDBG)	100,000	4/19/2016	4/1/2056	8.00%	100,000
Bay Terrace II - HOME (TCRA)	1,000,000	4/19/2017	5/1/2071	2.00%	950,000
Bay Terrace II - Chase Construction Loan	18,499,439	4/19/2016	10/19/2018	LIBO+2.50%	9,322,930
Renew Tacoma Housing - THA Constr Adv	86,386	12/31/2016	12/31/2017	0.00%	86,386
Renew Tacoma Housing - THA A Loan	24,640,000	4/1/2016	4/1/2066	4.25%-5.25%	24,640,000
Renew Tacoma Housing - THA B Loan	6,000,000	4/1/2016	4/1/2066	4.25%-5.25%	-
Renew Tacoma Housing - THA C Loan	8,500,000	4/1/2016	4/1/2066	4.25%-5.25%	8,500,000
Renew Tacoma Housing - Citibank Constr L	45,000,000	4/19/2016	11/30/2018	2.82%	22,006,693
Total	\$ 151,845,594				\$ 110,244,656

Notes payable debt service requirements to maturity are as follows:

Year Ending December 31	Principal	Interest	Total
2017	\$ 9,629,929	\$ 99,676	\$ 9,729,605
2018	22,059,007	2,584,554	24,643,561
2019	58,425	40,443	98,868
2020	64,244	34,624	98,868
2021	109,653	41,110	150,763
2022 - 2026	1,334,077	306,277	1,640,354
2027 - 2031	1,814,021	323,660	2,137,681
2032 - 2036	2,110,328	266,409	2,376,737
2037 - 2041	2,418,544	197,249	2,615,793
2042 - 2046	3,673,807	173,321	3,847,128
2047 - 2051	4,552,646	1,562,411	6,115,057
2052 - 2056	2,394,640	1,742,406	4,137,046
2057 - 2061	10,438,275	28,397,235	38,835,510
2062 - 2066	42,746,334	218,987,117	261,733,451
2067 - 2071	6,840,726	2,535,966	9,376,692
Total	\$ 110,244,656	\$ 257,292,458	\$ 367,537,114

c. Operating Loans and Developer Agreements

The Housing Authority is responsible for covering operating shortfalls of the Discretely Presented Component Units to the limited extent outlined in the partnership and operating agreements it entered into with its Component Unit partners. The Discretely Presented Component Units are required to repay the Housing Authority as excess cash becomes available or at the end of the partnership.

The operating loans and developer fees outstanding as of December 31, 2016 were:

Purpose / Property	Original Amount	Date Issued	Final Maturity	Interest Rate	Amount Outstanding
Hillside Terrace I - Operating Deficit Loan THA	\$ 299,192	12/31/2010	12/31/2017	0.00%	\$ 299,192
Hillside Terrace II - Operating Deficit Loan THA	106,541	12/31/2011	12/31/2018	0.00%	106,541
Hillside 1500 Block - Operating Deficit Loan THA	128,347	12/31/2008	12/31/2020	0.00%	128,347
Salishan V - Operating Deficit Loan THA	63,000	12/31/2015	12/31/2023	0.00%	63,000
Bay Terrace I - Developer Fee THA	2,078,243	4/3/2013	12/31/2028	0.00%	315,816
Bay Terrace II - Developer Fee THA	1,600,000	4/1/2016	12/31/2032	0.00%-8.00%	640,000
Renew Tacoma Hsg - Developer Fee THA	10,000,000	4/1/2016	12/31/2033	0.00%	4,592,783
Total	\$ 14,275,323				\$ 6,145,679

Operating loans and developer fees debt service requirements to maturity are as follows:

Year Ending December 31	Principal	Interest	Total
2017	\$ 1,524,126	\$ -	\$ 1,524,126
2018	2,439,192	-	2,439,192
2019	1,699,324	-	1,699,324
2020	128,347	-	128,347
2021	-	-	-
2022 - 2026	63,000	-	63,000
2027 - 2031	291,690	-	291,690
Total	\$ 6,145,679	\$ -	\$ 6,145,679



d. Changes in Long Term Liabilities

During the year ended December 31, 2016, the following changes occurred in long-term liabilities for the Discretely Presented Component Units:

	Beginning Balance 1/1/2015	Additions	Reductions	Ending Balance 12/31/2015	Due Within One Year
Notes Payable to THA	\$ 46,710,530	\$ 55,733,079	\$ (2,471,882)	\$ 99,971,727	\$ 306,999
Debt Issuance Costs <sup>1)</sup>	(289,507)	(252,992)	9,637	(532,862)	-
Notes Payable to THA, Net	46,421,023	55,480,087	(2,462,245)	99,438,865	306,999
Operating Loans Payable to THA	1,012,816	5,310,336	(177,474)	6,145,678	1,524,126
Interest on Notes Payable to THA	9,738,347	2,632,712	(47,395)	12,323,664	85,079
Prtnrshp Mgmt Fees to THA	251,103	147,341	(139,339)	259,105	12,183
Total Payable to THA	57,423,289	63,570,476	(2,826,453)	118,167,312	1,928,387
Notes Payable to Others	480,650	10,272,930	(480,650)	10,272,930	9,322,930
Interest Payable to Others	369,879	10,868	(369,879)	10,868	-
Mortgages Payable	9,409,734	-	(664,183)	8,745,551	424,551
Debt Issuance Costs <sup>1)</sup>	(218,850)	-	22,755	(196,095)	(311)
Mortgages Payable, Net	9,190,884	-	(641,428)	8,549,456	424,240
FSS Escrows	10,306	17,661	(4,250)	23,717	-
Total	\$ 67,475,008	\$ 73,871,935	\$ (4,322,660)	\$ 137,024,283	\$ 11,675,557

<sup>1)</sup> Balance reflected Net of Debt Issuance Costs in financial statements prepared in accordance with FASB (ASU 2015-03)

**NOTE 10 – CONDUIT DEBT**

The Housing Authority is authorized to facilitate the issuance of tax-exempt non-recourse revenue bonds to finance housing projects. Conduit revenue bonds issued by the Housing Authority are payable from revenues derived as a result of the property activities funded by the revenue bonds and are secured by deeds of trust on the underlying properties. The bonds are neither a liability nor contingent liability of the Housing Authority nor a lien on any of its properties or revenues other than for the property for which they are issued. The outstanding revenue bonds are not recorded in the Housing Authority's financial statements, as they represent conduit debt obligations under GASB Interpretation No. 2.

The Housing Authority has participated in the following conduit debt transactions:

Name of Non-Governmental Entity	Project Description	Date of Issuance	Original Issue Amount	Outstanding Balance
South Hill Associates (2001) Ltd Partnership	To construct a 279-unit apartment complex known as Sunset Village for low-income elderly tenants	17-May-01	\$ 13,250,000	\$ 13,250,000
Metropolitan Development Council - Parkland Family Vista, LLC	40-unit project serving low-income families known as Parkland Apartments	14-Dec-05	3,400,000	874,033

**NOTE 11 – PENSION PLANS**

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

### Aggregate Pension Amounts - All Plans

Pension liabilities	\$	7,078,581
Pension assets		-
Deferred outflows of resources		1,327,307
Deferred inflows of resources		171,254
Pension expense/expenditures		721,264

### State Sponsored Pension Plans

Substantially all Housing Authority 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 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%	
Total	11.18%	6.00%

The Housing Authority's actual contributions to the plan were \$371,918 for the year ended December 31, 2016.

**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:

PERS Plan 2/3 Actual Contribution Rates			
	Employer 2/3	Employee 2	Employee 3
PERS Plan 2/3	6.23%	6.12%	5-15%
PERS Plan 1 UAAL	4.77%		
Administrative Fee	0.18%		
<b>Total</b>	<b>11.18%</b>	<b>6.12%</b>	<b>5-15%</b>

The Housing Authority's actual contributions to the plan were \$466,678 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% 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 the assumed valuation interest rate was lowered from 7.8% to 7.7%. Assumed administrative factors were updated.

### 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. 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 employers, whose rates include a component for the PERS 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 Expended 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%
	100%	

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

The table below presents the Housing Authority's proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as what the Housing 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.

Pension Plan	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
PERS 1	\$ 3,953,814	\$ 3,278,726	\$ 2,697,772
PERS 2/3	\$ 6,996,216	\$ 3,799,855	\$ (1,978,044)

### 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 Housing Authority reported a total pension liability of \$7,078,581 for its proportionate share of the net pension liabilities as follows:

Pension Plan	Liability (or Asset)
PERS 1	\$ 3,278,726
PERS 2/3	3,799,855
TOTAL	<u>\$ 7,078,581</u>

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

Pension Plan	Proportionate Share 6/30/15	Proportionate Share 6/30/16	Change in Proportion
PERS 1	0.061609%	0.061051%	-0.000558%
PERS 2/3	0.076922%	0.075470%	-0.001452%

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.

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 Housing Authority recognized pension expense as follows:

Pension Plan	Pension Expense
PERS 1	\$ 146,836
PERS 2/3	574,428
TOTAL	<u>\$ 721,264</u>

**Deferred Outflows of Resource and Deferred Inflows of Resources**

At December 31, 2016 the Housing 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
Difference between expected and actual experience	\$ -	\$ -
Net difference between projected and actual investment earnings on pension plan investments	82,553	-
Changes of assumptions	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	-
Contributions subsequent to the measurement date	191,896	-
TOTAL	<u>\$ 274,449</u>	<u>\$ -</u>

PERS 2	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 202,340	\$ 125,439
Net difference between projected and actual investment earnings on pension plan investments	464,993	-
Changes of assumptions	39,275	-
Changes in proportion and differences between contributions and proportionate share of contributions	103,478	45,815
Contributions subsequent to the measurement date	242,772	-
TOTAL	<u>\$ 1,052,858</u>	<u>\$ 171,254</u>

Deferred outflows of resources related to pensions resulting from the Housing 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:

Year ended December 31	PERS 1	PERS 2
2016	\$ (20,326)	\$ 31,425
2017	(20,326)	31,425
2018	75,815	358,467
2019	47,390	217,515
2020	-	-
Thereafter	-	-
<b>TOTAL</b>	<b>\$ 82,553</b>	<b>\$ 638,832</b>

## **NOTE 12 – COMPONENT UNITS**

### Discretely Presented Component Units

The discretely presented component units of the Housing Authority were formed to take advantage of the Low Income Housing Tax Credit (LIHTC) program authorized under Section 42 of the Internal Revenue Code. This program allows investors certain tax incentives for investing in low-income housing and to deduct any losses passed through to them from the partnerships. The tax code requires that the buildings continue to serve the targeted low-income population for 15 years. The Housing Authority has the option to purchase these properties at the expiration of this compliance period.

The Hillside Terrace (Phase I, Phase II, and 1500 Block) Limited Liability Partnerships were formed as limited partnerships with the Housing Authority serving as general partner. These partnerships provide housing for low-income families, seniors and disabled individuals. As general partner the Housing Authority complies with the duties and responsibilities established with each limited partner in the related partnership agreement. In general the Housing Authority is obligated to provide funds to each partnership for operating deficits and is to be repaid from property cash flow in subsequent years or from proceeds of a sale or refinance of the property.

The Salishan (One, Two, Three, Four, Five, and Six) Limited Liability Companies (LLCs) were formed to acquire, construct, develop and otherwise deal with 90-unit apartment properties (one 90-unit property for each company), with the Housing Authority serving as managing member. These properties provide housing for low-income families, seniors and disabled individuals. The Housing Authority is obligated to provide funds to each of the LLCs for operating deficits and is to be repaid from property cash flow in subsequent years or from proceeds of a sale or refinance of the property.

The 2500 Yakima Limited Liability Limited Partnership (Bay Terrace Apartments I) was formed with the Housing Authority serving as general partner. The 70-unit property provides housing for low-income families, seniors and disabled individuals. As general partner the Housing Authority complies with the duties and responsibilities established with the limited partner in the related partnership agreement. In general the Housing Authority is obligated to provide funds to the partnership for operating deficits and is repaid from property cash flow in subsequent years or from proceeds of a sale or refinance of the property.

The 2500 Court G Limited Liability Limited Partnership (Bay Terrace Apartments II) was formed with the Housing Authority serving as general partner. The 74-unit property will provide housing for low-income families, seniors and disabled individuals. As general partner the Housing Authority complies with the duties and responsibilities established with the limited partner in the related partnership agreement. In general the Housing Authority is obligated to provide funds to the partnership for operating deficits and is repaid from property cash flow in subsequent years or from proceeds of a sale or refinance of the property.

The Renew Tacoma Housing Limited Liability Limited Partnership was formed with the Housing Authority serving as general partner. The partnership was formed to acquire, develop, rehabilitate, lease, maintain and operate 9 properties containing 456 units that provide housing for low-income families, seniors and disabled individuals. The properties were formerly owned by the Housing Authority and contained public housing units that were converted to project-based Section 8 units under the Rental Assistance Demonstration (RAD) program. As general partner the Housing Authority conforms to the duties and responsibilities established by agreement with the limited partner in the partnership agreement. The Housing Authority is required to provide funds to the partnership for operating deficits and is repaid from property cash flow in subsequent years or from proceeds of a sale or refinance of the properties.

The Housing Authority usually earns a developer fee for its role in bringing the tax credit property to completion. Developer fees are primarily paid by tax credit investor contributions, development financing and available cash flows. Under the various partnership agreements, any outstanding developer fees are required to be paid within 15 years of the placed-in-service date of the property. The Housing Authority's Operating Revenues for 2016 included \$7,232,783 in developer fees included in Other Revenue.

Under management agreements with the discretely presented component units the Housing Authority acts as managing agent for the operations of the properties. Under these management agreements the Housing Authority is reimbursed for payroll expenses incurred to operate and maintain these properties, which is recognized as operating revenue. The Housing Authority's Operating Revenues for 2016 included in Other Revenue \$2,028,463 in payroll reimbursements from the discretely presented component units.

The tax credit properties also are required to pay management fees to the Housing Authority for the management services provided. During the fiscal year the Housing Authority received or accrued the following management fees from its discretely presented component units:

<b>Tax Credit Project</b>	<b>Management Fees</b>	<b>Co/Prtnrship Mgmt Fees</b>	<b>Total</b>
Bay Terrace I	\$ 45,978	\$ 11,670	\$ 57,648
Hillside Terrace I	8,540	5,000	13,540
Hillside Terrace II	11,392	5,000	16,392
Hillside Terrace 1500	8,045	12,154	20,199
Renew Tacoma Housing	178,508	-	178,508
Salishan One	54,550	-	54,550
Salishan Two	54,737	-	54,737
Salishan Three	45,055	-	45,055
Salishan Four	60,091	13,168	73,259
Salishan Five	63,970	12,723	76,693
Salishan Six	65,038	12,293	77,331
<b>Total</b>	<b>\$ 595,904</b>	<b>\$ 72,008</b>	<b>\$ 667,912</b>



Financial information is provided for each of the Housing Authority's Discretely Presented Component Units in the following condensed financial statements:

	Hillside Terrace I	Hillside Terrace II	Hillside Terrace 1500 Block	Salishan One
<b>CONDENSED STATEMENTS OF NET POSITION</b>				
<b>Assets</b>				
Current Assets	\$ 108,125	\$ 92,852	\$ 106,935	\$ 71,043
Restricted Assets	300,186	201,939	226,002	740,618
Capital Assets	1,657,455	1,719,163	1,823,583	10,282,676
Other Assets	-	3,902	5,690	34,187
<b>Total Assets</b>	<b>2,065,766</b>	<b>2,017,856</b>	<b>2,162,210</b>	<b>11,128,524</b>
<b>Liabilities</b>				
Current Liabilities	82,124	27,713	5,999	61,848
Current Due to Housing Authority	8,962	12,368	50,625	117,850
Noncurrent Due to Housing Authority	2,266,747	1,122,545	1,405,655	7,251,894
Other Noncurrent Liabilities	-	-	-	3,821
<b>Total Liabilities</b>	<b>2,357,833</b>	<b>1,162,626</b>	<b>1,462,279</b>	<b>7,435,413</b>
<b>Net Position</b>				
Net Investment in Capital Assets	(310,100)	1,072,934	901,318	5,124,334
Restricted	294,885	194,937	221,785	709,064
Unrestricted	(276,852)	(412,641)	(423,172)	(2,140,287)
<b>Total Net Position</b>	<b>\$ (292,067)</b>	<b>\$ 855,230</b>	<b>\$ 699,931</b>	<b>\$ 3,693,111</b>
<b>CONDENSED STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION</b>				
<b>Operating Income (Loss)</b>				
Tenant Revenues	\$ 61,517	\$ 156,042	\$ 138,440	\$ 678,116
Other Revenues	58,080	31,837	15,676	131,167
Depreciation Expense	(76,974)	(86,373)	(69,293)	(391,190)
Other Operating Expenses	(153,296)	(175,062)	(159,912)	(656,715)
<b>Total Operating Income (Loss)</b>	<b>(110,673)</b>	<b>(73,556)</b>	<b>(75,089)</b>	<b>(238,622)</b>
<b>Nonoperating Revenue (Expense)</b>				
Investment Income	1,109	920	1,043	2,132
Interest Expense	(3,202)	(28,067)	(28,503)	(161,031)
Capital Contributions/(Distributions)	-	-	-	-
<b>Change in Net Position</b>	<b>(112,766)</b>	<b>(100,703)</b>	<b>(102,549)</b>	<b>(397,521)</b>
Net Position - Beginning of Year	(179,301)	955,933	802,480	4,087,582
Prior Period Adjustment	-	-	-	3,050
Net Position - Beginning Restated	(179,301)	955,933	802,480	4,090,632
<b>Net Position - End of Year</b>	<b>\$ (292,067)</b>	<b>\$ 855,230</b>	<b>\$ 699,931</b>	<b>\$ 3,693,111</b>

	Salishan Two	Salishan Three	Salishan Four	Salishan Five
<b>CONDENSED STATEMENTS OF NET POSITION</b>				
<b>Assets</b>				
Current Assets	\$ 93,153	\$ 491,352	\$ 287,898	\$ 98,727
Restricted Assets	731,353	816,493	749,114	685,985
Capital Assets	10,301,909	12,490,782	13,979,970	14,106,577
Other Assets	38,785	46,184	65,994	105,467
<b>Total Assets</b>	<b>11,165,200</b>	<b>13,844,811</b>	<b>15,082,976</b>	<b>14,996,756</b>
<b>Liabilities</b>				
Current Liabilities	60,189	254,852	159,634	191,603
Current Due to Housing Authority	70,485	36,719	53,490	94,280
Noncurrent Due to Housing Authority	5,389,120	7,772,828	8,114,819	7,052,799
Other Noncurrent Liabilities	1,700	1,201	241,422	1,613,856
<b>Total Liabilities</b>	<b>5,521,494</b>	<b>8,065,600</b>	<b>8,569,365</b>	<b>8,952,538</b>
<b>Net Position</b>				
Net Investment in Capital Assets	6,503,434	6,457,485	7,624,211	6,647,918
Restricted	702,988	789,260	717,394	657,228
Unrestricted	(1,562,716)	(1,467,534)	(1,827,994)	(1,260,928)
<b>Total Net Position</b>	<b>\$ 5,643,706</b>	<b>\$ 5,779,211</b>	<b>\$ 6,513,611</b>	<b>\$ 6,044,218</b>

<b>CONDENSED STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION</b>				
<b>Operating Income (Loss)</b>				
Tenant Revenues	\$ 722,572	\$ 771,370	\$ 793,379	\$ 793,735
Other Revenues	146,003	118,887	132,114	154,798
Depreciation Expense	(402,380)	(461,596)	(503,817)	(522,156)
Other Operating Expenses	(754,564)	(602,402)	(879,094)	(815,691)
<b>Total Operating Income (Loss)</b>	<b>(288,369)</b>	<b>(173,741)</b>	<b>(457,418)</b>	<b>(389,314)</b>
<b>Nonoperating Revenue (Expense)</b>				
Investment Income	1,990	3,349	2,824	2,259
Interest Expense	(92,661)	(239,016)	(383,830)	(344,862)
Capital Contributions/(Distributions)	-	-	12,487	-
<b>Change in Net Position</b>	<b>(379,040)</b>	<b>(409,408)</b>	<b>(825,937)</b>	<b>(731,917)</b>
Net Position - Beginning of Year	6,030,912	6,189,554	7,339,548	6,776,135
Prior Period Adjustment	(8,166)	(935)	-	-
Net Position - Beginning Restated	6,022,746	6,188,619	7,339,548	6,776,135
<b>Net Position - End of Year</b>	<b>\$ 5,643,706</b>	<b>\$ 5,779,211</b>	<b>\$ 6,513,611</b>	<b>\$ 6,044,218</b>

	Salishan Six	2500 Yakima	2500 Crt G	Renew Tacoma Housing	TOTALS
<b>CONDENSED STATEMENTS OF NET POSITION</b>					
<b>Assets</b>					
Current Assets	\$ 203,443	\$ 163,967	\$ -	\$ 1,069,966	\$ 2,787,461
Restricted Assets	981,804	1,070,209	-	4,661,419	11,165,122
Capital Assets	14,330,643	21,268,157	13,523,224	59,995,041	175,479,180
Other Assets	101,987	96,481	-	73,084	571,761
<b>Total Assets</b>	<b>15,617,877</b>	<b>22,598,814</b>	<b>13,523,224</b>	<b>65,799,510</b>	<b>190,003,524</b>
<b>Liabilities</b>					
Current Liabilities	103,124	132,845	10,367,095	5,850,682	17,297,708
Current Due to Housing Authority	118,786	57,707	1,331,694	669,595	2,622,561
Noncurrent Due to Housing Authority	5,214,127	10,278,063	663,568	59,706,760	116,238,925
Other Noncurrent Liabilities	2,950,560	3,328,888	960,867	7,486	9,109,801
<b>Total Liabilities</b>	<b>8,386,597</b>	<b>13,797,503</b>	<b>13,323,224</b>	<b>66,234,523</b>	<b>145,268,995</b>
<b>Net Position</b>					
Net Investment in Capital Assets	7,549,014	7,760,038	200,000	1,422,173	50,952,759
Restricted	954,910	1,047,702	-	4,556,848	10,847,001
Unrestricted	(1,272,644)	(6,429)	-	(6,414,034)	(17,065,231)
<b>Total Net Position</b>	<b>\$ 7,231,280</b>	<b>\$ 8,801,311</b>	<b>\$ 200,000</b>	<b>\$ (435,013)</b>	<b>\$ 44,734,529</b>
<b>CONDENSED STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION</b>					
<b>Operating Income (Loss)</b>					
Tenant Revenues	\$ 809,005	\$ 489,868	\$ -	\$ 2,975,032	\$ 8,389,076
Other Revenues	157,084	280,782	-	100	1,226,528
Depreciation Expense	(545,190)	(684,207)	-	(510,667)	(4,253,843)
Other Operating Expenses	(684,975)	(514,236)	-	(2,317,371)	(7,713,318)
<b>Total Operating Income (Loss)</b>	<b>(264,076)</b>	<b>(427,793)</b>	<b>-</b>	<b>147,094</b>	<b>(2,351,557)</b>
<b>Nonoperating Revenue (Expense)</b>					
Investment Income	3,775	2,253	-	5,405	27,059
Interest Expense	(455,044)	(228,836)	-	(1,027,612)	(2,992,664)
Capital Contributions/(Distributions)	-	-	200,000	440,100	652,587
<b>Change in Net Position</b>	<b>(715,345)</b>	<b>(654,376)</b>	<b>200,000</b>	<b>(435,013)</b>	<b>(4,664,575)</b>
Net Position - Beginning of Year	7,940,836	9,454,477	-	-	49,398,156
Prior Period Adjustment	5,789	1,210	-	-	948
Net Position - Beginning Restated	7,946,625	9,455,687	-	-	49,399,104
<b>Net Position - End of Year</b>	<b>\$ 7,231,280</b>	<b>\$ 8,801,311</b>	<b>\$ 200,000</b>	<b>\$ (435,013)</b>	<b>\$ 44,734,529</b>

### Blended Component Unit

The Housing Authority created the Tacoma Housing Development Group (THDG) blended component unit to facilitate non-profit (501(c)(3)) operations in support of the Housing Authority's development of safe and affordable low-income housing. The Housing Authority routinely uses THDG as the initial limited partner when it sets up new tax credit partnerships before the investor partner/member replaces THDG in these entities that end up one of the discretely presented component units. THDG also is often used by the Housing Authority to account for small contributions and related expenses in support of low-income tenants.

Financial information is provided for the Housing Authority's blended component unit (THDG) in the following condensed financial statements:

**CONDENSED STATEMENT OF NET POSITION**

	<b>THDG</b>
<b>Assets</b>	
Current Assets	
Receivable from Housing Authority	149,323
Other Current Assets	202,236
Total Current Assets	<u>351,559</u>
Capital Assets	-
Other Assets	-
Total Assets	<u><u>351,559</u></u>
<b>Liabilities</b>	
Current Liabilities	
Payable to Housing Authority	-
Other Current Liabilities	-
Total Current Liabilities	<u>-</u>
Long-Term Liabilities	-
Total Liabilities	<u>-</u>
<b>Net Position</b>	
Net Investment in Capital Assets	-
Restricted	-
Unrestricted	351,559
<b>Total Net Position</b>	<u><u>351,559</u></u>

**CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**

<b>Operating Revenue</b>	
Contributions & Donations	52,000
Other Revenues	9,984
Total Operating Revenue	<u>61,984</u>
<b>Operating Expenses</b>	
Administration	1,124
Tenant Services	2,100
Contracted Services	130
Other Operating Expenses	-
Total Operating Expenses	<u>3,354</u>
<b>Operating Income/(Loss)</b>	<u>58,630</u>
<b>Nonoperating Revenues/(Expenses)</b>	
Investment Income	556
Total Nonoperating Revenues/(Expenses)	<u>556</u>
<b>Transfers from Housing Authority</b>	1,110
<b>Change in Net Position</b>	60,296
<b>Beginning Net Position</b>	291,263
<b>Ending Net Position</b>	<u><u>351,559</u></u>

**CONDENSED STATEMENT OF CASH FLOWS**

Net Cash Provided/(Used) by Operating Activities	48,646
Net Cash Provided/(Used) by Noncapital Financing Activities	1,110
Net Cash Provided/(Used) by Capital and Related Financing Activities	-
Net Cash Provided/(Used) by Investing Activities	556
<b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>	<u>50,312</u>
Beginning Cash and Cash Equivalent Balance	151,924
<b>Ending Cash and Cash Equivalent Balance</b>	<u><u>202,236</u></u>

## **NOTE 13 – RELATED PARTY TRANSACTIONS**

As described in the notes above ([Note 1](#) and [Note 12](#)), the Housing Authority entered into agreements with its discretely presented component units and investors who are taking advantage of the federal tax credit program that provides tax incentives for investing in low-income housing. The Housing Authority is allocated about .01% of all profits, losses, and tax credits pursuant to the terms of the partnership or operating agreements, with the remainder allocated to the investor partner/member.

Under the agreements with the LP/LLLP/LLC the Housing Authority has leased land to the partnerships and assisted with financing the properties constructed or rehabilitated. To assist with financing the properties the Housing Authority has provided construction loans from its own resources; lines of credit secured by the Housing Authority; and federal, state, and local grants. Construction loans are primarily retired using proceeds from the sale of the Low Income Housing Tax Credits to the investor partner/member, usually within two to three years of the partnership's inception.

Most resources provided by the Housing Authority for these construction and rehabilitation costs are provided to the properties in the form of loans. These loans are accounted for as notes receivable from the partnerships in the Housing Authority's financial statements. A summary of the Housing Authority's long-term debt is presented in [Note 9](#). A summary of the notes receivable from the partnerships is presented in [Note 7](#).

Details of related party transactions for these discretely presented component units by property that are not listed in other note disclosures above follows:

### **Hillside Terrace Phase I, LP**

#### Regulatory and Operating (R&O) Agreement

On December 18, 2002 the partnership entered into an R&O Agreement with the Housing Authority. Pursuant to the R&O Agreement all 21 of the property's residential units shall be maintained and operated continuously as public housing units in conformity with applicable public housing requirements. The Housing Authority is required to make operating subsidy payments to the property up to the amount it receives from HUD for this property, provided the units remain in compliance with the applicable public housing requirements. For the year ended December 31, 2016 the partnership received operating subsidy of \$56,760 from the Housing Authority.

#### Operating Deficits

On December 18, 2002 the partnership entered into an Agreement Regarding Financial Obligations with the Housing Authority. Pursuant to this agreement the Housing Authority's obligations to advance funds to or for the benefit of the partnership is limited to \$250,000. However, in the event that obligations would require a further advance of funds to the partnership and the Housing Authority does not voluntarily advance funds to satisfy the obligations, the Special Limited Partner would have the right to remove and replace the General Partner (the Housing Authority) in accordance with the provisions of the partnership agreement. As of December 31, 2016 the Housing Authority had advanced \$299,192 to the partnership of which \$0 was to be paid back to the Housing Authority from available cash flows in 2017.

### **Hillside Terrace Phase II, LP**

#### R&O Agreement

On March 4<sup>th</sup>, 2003 the partnership entered into an R&O Agreement with the Housing Authority. Pursuant to the R&O Agreement 12 of the 25 residential units are obligated to be maintained and operated as public housing units in accordance with the applicable public housing requirements outlined in the agreement. The Housing Authority is required to make operating subsidy payments to the property up to the amount it receives from HUD for this property, provided the units remain in compliance with the applicable public housing requirements. For the year ended December 31, 2016 the partnership received operating subsidy of \$31,836 from the Housing Authority.

#### Project-based Housing Assistance Payment (HAP) Contract

In 2003 the partnership entered into a ten-year HAP Contract with the Housing Authority for project-based assistance, which was extended for ten years in 2013. Pursuant to the HAP Contract the Housing Authority will make rental assistance payments on behalf of residents for 8 units. In addition, the Housing Authority houses tenants from its tenant-based Section 8 program in the remaining 5 units providing additional rental assistance payments. The rental assistance payments are included in Net Tenant Rental Revenue in the accompanying Statement of Revenues, Expenses and Changes in Net Position. For the year ended December 31, 2016 the partnership received rental assistance payments of \$64,347 from the Housing Authority.

#### Operating Deficits

On December 18, 2002 the partnership entered into an Agreement Regarding Financial Obligations with the Housing Authority. Pursuant to this agreement the Housing Authority's obligations to advance funds to or for the benefit of the partnership is limited to \$400,000. However, in the event that obligations would require a further advance of funds to the partnership and the Housing Authority does not voluntarily advance funds to satisfy the obligations, the Special Limited Partner would have the right to remove and replace the General Partner (the Housing Authority) in accordance with the provisions of the partnership agreement. As of December 31, 2016 the Housing Authority had advanced \$106,541 to the partnership of which nothing was to be paid back to the Housing Authority from available cash flows in 2017.

### **Hillside Terrace 1500 LP**

#### R&O Agreement

On May 5<sup>th</sup>, 2005 the partnership entered into an R&O Agreement with the Housing Authority. Pursuant to the R&O Agreement 4 of the 16 residential units are required to be maintained and operated as public housing units in accordance with the applicable public housing requirements outlined in the agreement. The Housing Authority is obligated to make operating subsidy payments to the property up to the amount it receives from HUD for this property, provided the units remain in compliance with the applicable public housing requirements. For the year ended December 31, 2016 the partnership received operating subsidy of \$15,675 from the Housing Authority.

#### Project-based Housing Assistance Payment (HAP) Contract

In 2005 the partnership entered into a ten-year HAP Contract with the Housing Authority for project-based assistance, which was extended for ten years in 2015. Pursuant to the HAP Contract the Housing Authority will make rental assistance payments on behalf of residents for 4 units. In addition, the Housing Authority houses tenants from its tenant-based Section 8 program in the remaining 8 units providing additional rental assistance payments. The rental assistance payments are included in Net Tenant Rental Revenue in the accompanying Statement of Revenues, Expenses and Changes in Net Position. For the year ended December 31, 2016 the partnership received rental assistance payments of \$63,274 from the Housing Authority.

#### Operating Deficits

On May 5<sup>th</sup>, 2005 the partnership entered into the Amended and Restated Agreement of Limited Partnership with the Housing Authority. Pursuant to this agreement the Housing Authority is required to advance funds to cover operating deficits. As of December 31, 2016 the Housing Authority had advanced \$128,347 to the partnership of which nothing was to be paid back to the Housing Authority from available cash flows in 2017.

### **Salishan One LLC**

#### R&O Agreement

On January 13<sup>th</sup>, 2005 the limited liability company ("company") entered into an R&O Agreement with the Housing Authority. Pursuant to the R&O Agreement 55 of the 90 residential units are required to be maintained and operated as public housing units in accordance with the applicable public housing requirements outlined in the agreement. The Housing Authority is obligated to make operating subsidy payments to the property up to the amount it receives from HUD for this property, provided the units remain in compliance with the applicable public housing requirements. For the year ended December 31, 2016 the

company received operating subsidy of \$131,158 from the Housing Authority.

Project-based Housing Assistance Payment (HAP) Contract

In 2005 the company entered into a ten-year HAP Contract with the Housing Authority for project-based assistance, which was extended for ten years in 2015. Pursuant to the HAP Contract the Housing Authority will make rental assistance payments on behalf of residents for 35 units. The rental assistance payments are included in Net Tenant Rental Revenue in the accompanying Statement of Revenues, Expenses and Changes in Net Position. For the year ended December 31, 2016 the company received rental assistance payments of \$402,889 from the Housing Authority.

**Salishan Two LLC**

R&O Agreement

On January 13<sup>th</sup>, 2005 the limited liability company (“company”) entered into an R&O Agreement with the Housing Authority. Pursuant to the R&O Agreement 55 of the 90 residential units are required to be maintained and operated as public housing units in accordance with the applicable public housing requirements outlined in the agreement. The Housing Authority is obligated to make operating subsidy payments to the property up to the amount it receives from HUD for this property, provided the units remain in compliance with the applicable public housing requirements. For the year ended December 31, 2016 the company received operating subsidy of \$146,002 from the Housing Authority.

Project-based Housing Assistance Payment (HAP) Contract

In 2005 the company entered into a ten-year HAP Contract with the Housing Authority for project-based assistance, which was extended for ten years in 2015. Pursuant to the HAP Contract the Housing Authority will make rental assistance payments on behalf of residents for 34 units. The rental assistance payments are included in Net Tenant Rental Revenue in the accompanying Statement of Revenues, Expenses and Changes in Net Position. For the year ended December 31, 2016 the company received rental assistance payments of \$387,076 from the Housing Authority.

**Salishan Three LLC**

R&O Agreement

On November 2<sup>nd</sup>, 2005 the limited liability company (“company”) entered into an R&O Agreement with the Housing Authority. Pursuant to the R&O Agreement 45 of the 90 residential units are required to be maintained and operated as public housing units in accordance with the applicable public housing requirements outlined in the agreement. The Housing Authority is obligated to make operating subsidy payments to the property up to the amount it receives from HUD for this property, provided the units remain in compliance with the applicable public housing requirements. For the year ended December 31, 2016 the company received operating subsidy of \$118,885 from the Housing Authority.

Project-based Housing Assistance Payment (HAP) Contract

In 2006 the company entered into a ten-year HAP Contract with the Housing Authority for project-based assistance, which was extended for ten years in 2016. Pursuant to the HAP Contract the Housing Authority will make rental assistance payments on behalf of residents for 45 units. The rental assistance payments are included in Net Tenant Rental Revenue in the accompanying Statement of Revenues, Expenses and Changes in Net Position. For the year ended December 31, 2016 the company received rental assistance payments of \$488,138 from the Housing Authority.

**Salishan Four LLC**

R&O Agreement

On June 28<sup>th</sup>, 2007 the limited liability company (“company”) entered into an R&O Agreement with the Housing Authority. Pursuant to the R&O Agreement 45 of the 90 residential units are required to be maintained and operated as public housing units in accordance with the applicable public housing requirements outlined in the agreement. The Housing Authority is obligated to make operating subsidy payments to the property up to the amount it receives from HUD for this property, provided the units remain in compliance with the applicable public housing requirements. For the year ended December 31, 2016 the



company received operating subsidy of \$132,113 from the Housing Authority.

Project-based Housing Assistance Payment (HAP) Contract

In 2008 the company entered into a ten-year HAP Contract with the Housing Authority for project-based assistance. Pursuant to the HAP Contract the Housing Authority will make rental assistance payments on behalf of residents for 45 units. The rental assistance payments are included in Net Tenant Rental Revenue in the accompanying Statement of Revenues, Expenses and Changes in Net Position. For the year ended December 31, 2016 the company received rental assistance payments of \$464,467 from the Housing Authority.

**Salishan Five LLC**

R&O Agreement

On June 26<sup>th</sup>, 2008 the limited liability company (“company”) entered into an R&O Agreement with the Housing Authority. Pursuant to the R&O Agreement 45 of the 90 residential units are required to be maintained and operated as public housing units in accordance with the applicable public housing requirements outlined in the agreement. The Housing Authority is obligated to make operating subsidy payments to the property up to the amount it receives from HUD for this property, provided the units remain in compliance with the applicable public housing requirements. For the year ended December 31, 2016 the company received operating subsidy of \$154,797 from the Housing Authority.

Project-based Housing Assistance Payment (HAP) Contract

In 2009 the company entered into a ten-year HAP Contract with the Housing Authority for project-based assistance. Pursuant to the HAP Contract the Housing Authority will make rental assistance payments on behalf of residents for 45 units. The rental assistance payments are included in Net Tenant Rental Revenue in the accompanying Statement of Revenues, Expenses and Changes in Net Position. For the year ended December 31, 2016 the company received rental assistance payments of \$471,893 from the Housing Authority.

Operating Deficits

On June 1<sup>st</sup>, 2008 the company entered into the Amended and Restated Operating Agreement with the Housing Authority. Pursuant to this agreement the Housing Authority is required to advance funds to cover operating deficits up to \$850,000. As of December 31, 2016 the Housing Authority had advanced \$63,000 to the company of which nothing was to be paid back to the Housing Authority from available cash flows in 2017.

**Salishan Six LLC**

R&O Agreement

On October 15<sup>th</sup>, 2008 the limited liability company (“company”) entered into an R&O Agreement with the Housing Authority. Pursuant to the R&O Agreement 45 of the 90 residential units are required to be maintained and operated as public housing units in accordance with the applicable public housing requirements outlined in the agreement. The Housing Authority is obligated to make operating subsidy payments to the property up to the amount it receives from HUD for this property, provided the units remain in compliance with the applicable public housing requirements. For the year ended December 31, 2016 the company received operating subsidy of \$154,442 from the Housing Authority.

Project-based Housing Assistance Payment (HAP) Contract

In 2009 the company entered into a ten-year HAP Contract with the Housing Authority for project-based assistance. Pursuant to the HAP Contract the Housing Authority will make rental assistance payments on behalf of residents for 44 units. The rental assistance payments are included in Net Tenant Rental Revenue in the accompanying Statement of Revenues, Expenses and Changes in Net Position. For the year ended December 31, 2016 the company received rental assistance payments of \$544,171 from the Housing Authority.

## **2500 Yakima LLLP (DBA Bay Terrace I Apartments)**

### R&O Agreement

On January 15<sup>th</sup>, 2015 the limited liability limited partnership (“partnership”) entered into an R&O Agreement with the Housing Authority. Pursuant to the R&O Agreement 26 of the 70 residential units are required to be maintained and operated as public housing units in accordance with the applicable public housing requirements outlined in the agreement. The Housing Authority is obligated to make operating subsidy payments to the property up to the amount it receives from HUD for this property, provided the units remain in compliance with the applicable public housing requirements. For the year ended December 31, 2016 the partnership received operating subsidy of \$90,810 from the Housing Authority.

### Project-based Housing Assistance Payment (HAP) Contract

In 2014 the partnership entered into a ten-year HAP Contract with the Housing Authority for project-based assistance. Pursuant to the HAP Contract the Housing Authority will make rental assistance payments on behalf of residents for 20 units. The rental assistance payments are included in Net Tenant Rental Revenue in the accompanying Statement of Revenues, Expenses and Changes in Net Position. For the year ended December 31, 2016 the partnership received rental assistance payments of \$187,046 from the Housing Authority.

### Rental Subsidy Contributions

On January 20<sup>th</sup>, 2015 the partnership entered into the first amendment to the first amended and restated agreement of limited partnership with the Housing Authority. Pursuant to this agreement the Housing Authority will make Rental Subsidy Contributions to the 26 public housing units originally intended to receive Section 8 Housing Assistance Payments in an amount equal to the difference between the projected Section 8 rents, the rent collected, and operating subsidy received for these units. For the year ended December 31, 2016 the partnership received rental subsidy contributions of \$164,475 from the Housing Authority.

### Development Services Agreement

In 2013 the partnership entered into a development services agreement with the Housing Authority. The agreement provides for a developer fee of \$2,078,243, which was scheduled to be earned and paid in phases. Of the total developer fee, \$1,518,970 was designated to be paid from the capital contributions of the limited (investor) partner and \$559,273 from cash flow of the property, as defined in the partnership agreement. For the year ended December 31, 2016 the partnership paid the Housing Authority \$153,713 in developer fees. The Housing Authority is scheduled to receive \$24,126 from the partnership in 2017. Any unpaid deferred developer fee shall be paid in full no later than December 31, 2028. As of December 31, 2016 the outstanding balance on the developer fee was \$315,816.

## **2500 Court G LLLP (DBA Bay Terrace II Apartments)**

### Development Services Agreement

In 2016 the partnership entered into a development services agreement with the Housing Authority. The agreement provides for a developer fee of \$1,600,000, scheduled to be earned and paid in phases. Of the total developer fee, \$915,577 was designated to be paid from the capital contributions of the limited (investor) partner and \$684,423 from cash flow of the property, as defined in the partnership agreement. For the year ended December 31, 2016 the Housing Authority earned \$640,000 in developer fees none of which was paid as of December 31, 2016.

## **Renew Tacoma Housing LLLP**

### Project-based Housing Assistance Payment (HAP) Contract

In 2016 the partnership entered into a twenty-year HAP Contract with the Housing Authority for project-based assistance. Pursuant to the HAP Contract the Housing Authority will make rental assistance payments on behalf of residents for 456 units. The rental assistance payments are included in Net Tenant Rental Revenue in the accompanying Statement of Revenues, Expenses and Changes in Net Position. For the year ended December 31, 2016 the company received rental assistance payments of \$2,125,918 from the Housing Authority.

#### Development Services Agreement

In 2016 the partnership entered into a development services agreement with the Housing Authority. The agreement provides for a developer fee of \$10,000,000, scheduled to be earned and paid in phases. 40% was earned at the commencement of the rehabilitation of the project and 60% is earned on a pro-rata basis as each building in the project is placed in service. As of December 31, 2016 3 apartment complexes were placed in service and \$6,592,784 of the developer fee was earned. Of the amount earned, \$2,000,000 was paid in 2016 from the capital contributions of the limited partner and the remainder was payable from limited partner contributions or net cash flow in future years.

#### **NOTE 14 – CONTINGENCIES AND LITIGATION**

The Housing Authority has recorded in its financial statements all material liabilities. There are no material contingent liabilities to record. In the opinion of management, the Housing Authority's insurance policies are adequate to pay all known or pending material claims.

The Housing Authority participates in a number of federal assisted programs. These grants are subject to audit by the grantors or their representatives. Such audits could result in requests for reimbursement to grantor agencies for expenditures disallowed under terms of the grants. The Housing Authority's management believes that such disallowance, if any, would be immaterial.

#### **NOTE 15 – SPECIAL ITEM**

In 2013 the Housing Authority submitted to HUD an application to convert all of its housing units that were funded under the public housing program to assistance under long-term, project-based Section 8 rental assistance contracts, pursuant to the guidelines of the Rental Assistance Demonstration (RAD) program authorized by the Consolidated and Further Continuing Appropriations Act of 2012.

On April 19, 2016 the Housing Authority closed on the first phase of the RAD conversion of its public housing units. Under this phase nine of the Housing Authority's public housing properties – 456 units – were sold to the Renew Tacoma Housing, LLLP, a partnership formed by the Housing Authority as General Partner and RBC-Tacoma Portfolio, LLC as Limited Partner to take advantage of the Low Income Housing Tax Credit (LIHTC) program authorized under Section 42 of the Internal Revenue Code.

This closing included the sale of the nine properties to the Renew Tacoma Housing, LLLP, and the recording of a gain on the sale that the Housing Authority recognized as a result of this sale that amounted to \$18,359,370. This gain is considered unusual in nature and therefore was presented as a special item in the Statement of Revenues, Expenses and Changes in Net Position.

#### **NOTE 16 – RISK MANAGEMENT**

The Housing Authority is a member of the Housing Authorities Risk Retention Pool (HARRP). Utilizing Chapter 48.62 RCW (self-insurance regulation) and Chapter 39.34 RCW (Interlocal Cooperation Act), fifty-five public housing authorities in the states of Washington, Oregon and California originally formed HARRP in March 1987. HARRP was created for the purposes of providing a pooling mechanism for jointly purchasing insurance, jointly self-insuring, and/or jointly contracting for risk management services. HARRP currently has a total of eighty-six members in the states of Washington, Oregon, Nevada and California. Thirty-five of the eighty-seven members are Washington public housing entities.

New members originally contract for a three year term and thereafter automatically renew on an annual basis. Members may quit (after completion of the three year commitment) upon giving notice to HARRP prior to their renewal date. HARRP can terminate the members after giving a sixty (60) day notice prior to the renewal date. Termination does not relieve a former member from its unresolved losses incurred during membership.

HARRP is governed by a Board of Directors consisting of representatives from nine member PHAs. The Board meets once each quarter to provide policy direction to the staff. HARRP provides property loss, general liability, errors and omissions, fidelity and crime insurance, and business automobile insurance.

Pool underwriting and rate-setting policies have been established by the pool executive board after consultation with actuaries. Pool members are subject to supplemental assessment in the event of deficiencies. If the assets of the pool were to be exhausted, members would be responsible for the pool's liabilities. The allocation of the liabilities would be determined by the executive board. A copy of their financial statements may be acquired at 7111 NE 179<sup>th</sup> Street, Vancouver, WA 98686-1888 or at HARRP's website at [www.harrp.com](http://www.harrp.com).

HARRP provides loss control services, claim investigation and adjusting, litigation management and defense with in-house staff and retained third party contractors.

HARRP is fully funded by member assessments that are adjusted annually by the HARRP Board on the basis of independent actuarial studies. These assessments cover loss, loss adjustment expenses, reinsurance and other administrative expenses. HARRP does not have the right to assess the membership for any shortfall in its funding. Such shortfalls are made up through future rate adjustments.

HARRP General Liability coverage is on an occurrence basis without member deductibles. Automobile Liability coverage is also on an occurrence basis with deductibles of \$250 for comprehensive and \$500 for Collision. Errors & Omissions coverage (which includes Employment Practices Liability) is issued on an occurrence basis, and the members are responsible for 10% of the incurred costs of the claims. The Property coverage provided by HARRP is on a replacement cost basis with the Housing Authority's deductible of \$2,500. The Housing Authority's fidelity coverage offered by HARRP has a limit of \$1,000,000 for employee dishonesty and forgery or alteration and \$100,000 for theft. The deductible for the fidelity coverage is \$1,000.

HARRP provides coverage limits for General Liability, Errors & Omissions and Property of \$2,000,000 per occurrence. HARRP provides the first million and Munich reinsures the second million dollars. The coverage limit for Automobile Liability is \$2,000,000.

For property coverage, HARRP retains \$2,000,000 and reinsurance from Munich Reinsurance Company for a combined total per member of \$45,000,000. Property coverage includes Equipment Breakdown Insurance through Hartford Steam and Boiler Insurance, a Munich Reinsurance owned company. The HARRP Board of Directors determines the limits and coverage terms, at its sole discretion.

Claim settlements did not exceed coverage in any of the past three years.

#### **NOTE 17 – SUBSEQUENT EVENTS**

In 2013 the Housing Authority submitted to HUD an application to convert all of its housing units and those of its discretely presented component units that are funded under the public housing program to assistance under long-term, project-based Section 8 rental assistance contracts, pursuant to guidelines of the Rental Assistance Demonstration (RAD) authorized by the Consolidated and Further Continuing Appropriations Act of 2012. On February 27, 2015 HUD approved the Housing Authority's request for a complete Portfolio Award and awarded individual Commitments to enter into a Housing Assistance Payment Contract (CHAPs) for the public housing units in the following discretely presented component units properties: Hillside Terrace I, Hillside Terrace II, Hillside Terrace 1500 Block, Salishan One, Salishan Two, Salishan Three, Salishan Four, Salishan Five, Salishan Six, and 2500 Yakima LLLP. HUD also allowed for disposal by sale of the 34 unit Scattered Sites public housing property.

The Housing Authority is expected to close on the RAD conversion of 2500 Yakima LLLP by the end of May 2017 and possibly close on additional RAD conversions during 2017.

**HOUSING AUTHORITY OF THE CITY OF TACOMA**  
**Schedule of Proportionate Share of the Net Pension Liability**  
**PERS Plan 1**  
As of June 30, 2016  
Last 10 Fiscal Years\*

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Employer's proportion of the net pension liability (asset)	0.061051%	0.061609%	0.058165%
Employer's proportionate share of the net pension liability	\$ 3,278,726	\$ 3,222,724	\$ 2,930,089
Employer's covered employee payroll	\$ 7,245,629	\$ 6,930,277	\$ 6,360,228
Employer's proportionate share of the net pension liability as a percentage of covered employee payroll	45.25%	46.50%	46.07%
Plan fiduciary net position as a percentage of the total pension liability	57.03%	59.10%	61.19%

\* This schedule is presented to illustrate information for 10 years. However, until a full 10 years of information is available, information is presented for those years for which information is available.

**Notes to the Schedule of Proportionate Share of the Net Pension Liability**

**NOTE 1 - Changes of Benefit Terms**

There were no changes in the benefit terms for the Pension Plan.

**NOTE 2 - Changes in Assumptions**

No significant changes in assumptions were made. Demographic assumptions were updated, consistent with the changes from the 2007-2012 Experience Study Report, as identified in the notes to the 2016 Department of Retirement Systems (DRS) Comprehensive Annual Financial Report.

**HOUSING AUTHORITY OF THE CITY OF TACOMA**  
**Schedule of Proportionate Share of the Net Pension Liability**  
**PERS Plan 2/3**  
As of June 30, 2016  
Last 10 Fiscal Years\*

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Employer's proportion of the net pension liability (asset)	0.075470%	0.076922%	0.072366%
Employer's proportionate share of the net pension liability	\$ 3,799,855	\$ 2,748,467	\$ 1,462,778
Employer's covered employee payroll	\$ 7,139,040	\$ 6,930,277	\$ 6,360,228
Employer's proportionate share of the net pension liability as a percentage of covered employee payroll	53.23%	39.66%	23.00%
Plan fiduciary net position as a percentage of the total pension liability	85.82%	89.20%	93.29%

\* This schedule is presented to illustrate information for 10 years. However, until a full 10 years of information is available, information is presented for those years for which information is available.

**Notes to the Schedule of Proportionate Share of the Net Pension Liability**

**NOTE 1 - Changes of Benefit Terms**

There were no changes in the benefit terms for the Pension Plan.

**NOTE 2 - Changes in Assumptions**

No significant changes in assumptions were made. Demographic assumptions were updated, consistent with the changes from the 2007-2012 Experience Study Report, as identified in the notes to the 2016 Department of Retirement Systems (DRS) Comprehensive Annual Financial Report.

**HOUSING AUTHORITY OF THE CITY OF TACOMA**  
**Schedule of Employer Contributions**  
**PERS Plan 1**  
As of December 31, 2016  
Last 10 Fiscal Years\*

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Statutorily or contractually required contributions	\$ 374,729	\$ 314,161	\$ 275,605
Contributions in relation to the statutorily or contractually required contributions	<u>(374,729)</u>	<u>(314,161)</u>	<u>(275,605)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employer payroll	\$ 7,660,400	\$ 7,061,251	\$ 6,707,388
Contributions as a percentage of covered employee payroll	4.89%	4.45%	4.11%

\* This schedule is presented to illustrate information for 10 years. However, until a full 10 years of information is available, information is presented for those years for which information is available.

**Notes to the Schedule of Employer Contributions**

**NOTE 1 - Changes of Benefit Terms**

There were no changes in the benefit terms for the Pension Plan.

**NOTE 2 - Changes in Assumptions**

No significant changes in assumptions were made. Demographic assumptions were updated, consistent with the changes from the 2007-2012 Experience Study Report, as identified in the notes to the 2016 Department of Retirement Systems (DRS) Comprehensive Annual Financial Report.

**HOUSING AUTHORITY OF THE CITY OF TACOMA**  
**Schedule of Employer Contributions**  
**PERS Plan 2/3**  
As of December 31, 2016  
Last 10 Fiscal Years\*

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Statutorily or contractually required contributions	\$ 473,656	\$ 389,308	\$ 330,072
Contributions in relation to the statutorily or contractually required contributions	<u>(473,656)</u>	<u>(389,308)</u>	<u>(330,072)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employer payroll	\$ 7,552,217	\$ 7,061,251	\$ 6,707,388
Contributions as a percentage of covered employee payroll	6.27%	5.51%	4.92%

\* This schedule is presented to illustrate information for 10 years. However, until a full 10 years of information is available, information is presented for those years for which information is available.

**Notes to the Schedule of Employer Contributions**

**NOTE 1 - Changes of Benefit Terms**

There were no changes in the benefit terms for the Pension Plan.

**NOTE 2 - Changes in Assumptions**

No significant changes in assumptions were made. Demographic assumptions were updated, consistent with the changes from the 2007-2012 Experience Study Report, as identified in the notes to the 2016 Department of Retirement Systems (DRS) Comprehensive Annual Financial Report.



**Housing Authority of the City of Tacoma**  
**Schedule of Expenditures of Federal Awards**  
For the Year Ended December 31, 2016

Federal Agency Name/Pass-Through Agency Name	Federal Program Name	CFDA Number	Other ID Number	Current Year Expenditures			Pass-Through to Sub-Recipients	Debt Liability Balance	Notes
				From Pass-Through Awards	From Direct Awards	Total			
CDBG - Entitlement Grants Cluster									
U.S. Department of Housing and Urban Development/ Pass-through City of Tacoma	Community Development Block Grant	14.218	Family Self Sufficiency	25,072					
			Bay Terrace II, ADA Improv	100,000					
			<b>Total CDBG - Entitlement Grants Cluster</b>	<b>125,072</b>		<b>125,072</b>			
U.S. Department of Housing and Urban Development/Pass-through City of Tacoma	HOME Investment Partnership Program	14.239	2014 TCRA Loan - Prairie Oaks	-			250,000		
			2013 TCRA Loan - Bay Terrace	-			1,065,342		
			2008 TCRA Forgivable Loan - Salishan IV	-			1,000,000		
			2009 TCRA Forgivable Loan - Salishan VI	-			500,000		
			<b>Total CFDA 14.239</b>	<b>-</b>		<b>-</b>	<b>2,815,342</b>		
Section 8 Project Based Cluster									
U.S. Department of Housing and Urban Development	Section 8 Moderate Rehabilitation Single Room Occupancy	14.249	WA005SRO002		227,472				
			WA005SRO003		160,130				
			<b>Total Section 8 Project Based Cluster</b>		<b>387,602</b>	<b>387,602</b>			
U.S. Department of Housing and Urban Development/Pass-through Washington State Housing Finance Commission	ARRA-Tax Credit Assistance Program	14.258	Salishan Seven (TC#09-02-TCAP)	-			11,880,335	3, 4	
U.S. Department of Housing and Urban Development	Resident Opportunity and Supportive Services (ROSS)	14.870	WA005RPS055A014		118,547		118,547		
Housing Voucher Cluster									
U.S. Department of Housing and Urban Development	Housing Choice Vouchers	14.871	WA005VO-NED		584,414				
			WA005AF-NED		61,073				
			WA005VO-FUP		316,920				
			WA005AF-FUP		28,992				
			WA005VO-VA		940,370				
			WA005AF-VA		106,067				
<b>Total Housing Voucher Cluster</b>		<b>2,037,836</b>	<b>2,037,836</b>						
U.S. Department of Housing and Urban Development	Moving To Work Demonstration Program	14.881	14.HCV-WA005VO		32,930,879				
			14.HCV-WA005AF (VO)		2,969,017				
			14.OPS - WA005-00000115D - WA005-00001615D		2,405,417				
			14.CFP-WA19P005501-12		1,040,716				
			14.CFP-WA19P005501-13		1,319,864				
			14.CFP-WA19P005501-14		1,590,067				
			14.CFP-WA19P005501-15		1,846,052				
			14.CFP-WA19P005501-16		660,824				
			14.CFP-WA19R005501-14		277,032				
			14.CFP-WA19R005502-14		469,729				
			14.CFP-WA19R005502-15		804,820				
<b>Total CFDA 14.881</b>		<b>46,314,417</b>	<b>46,314,417</b>	<b>1,003,721</b>					
U.S. Department of Housing and Urban Development	Family Self-Sufficiency Program	14.896	WA005FSH701A015		197,662		197,662		
<b>Subtotal U.S. Department of Housing and Urban Development</b>				<b>\$ 125,072</b>	<b>\$ 49,056,064</b>	<b>\$ 49,181,136</b>	<b>\$ 1,003,721</b>	<b>\$ 14,695,677</b>	
U.S. Environmental Protection Agency	Brownsfield Assessment and Cleanup Cooperative Agreements	66.818	00J95501-1 (Salishan)		14,717				
			00J96101-1 (Hillside Terrace)		479				
			<b>Total CFDA 66.818</b>		<b>15,196</b>	<b>15,196</b>			
<b>Subtotal U.S. Environmental Protection Agency</b>				<b>\$ -</b>	<b>\$ 15,196</b>	<b>\$ 15,196</b>	<b>\$ -</b>	<b>\$ -</b>	
<b>TOTAL FEDERAL ASSISTANCE</b>				<b>\$ 125,072</b>	<b>\$ 49,071,260</b>	<b>\$ 49,196,332</b>	<b>\$ 1,003,721</b>	<b>\$ 14,695,677</b>	

the accompanying notes are an integral part of these statements.

**Housing Authority of the City of Tacoma**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended December 31, 2016**

**NOTE 1 - Basis of Accounting**

The Schedule of Financial Assistance is prepared on the same basis of accounting as the Housing Authority's financial statements. The Housing Authority uses the full accrual basis of accounting.

**NOTE 2 - Program Costs**

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

**NOTE 3 - Federal Loans**

Outstanding loan balances with continuing compliance requirements, including those received and expended in prior years are listed under Debt Liability Balance.

**NOTE 4 - American Recovery and Reinvestment Act (ARRA) of 2009**

Expenditures for this program were funded by ARRA.

**NOTE 5 - Indirect Cost Rate**

The Housing Authority has not elected to use the 10% de minimis cost rate as covered in 2 CFR §200.414 Indirect (F&A) costs.

Line Item No.	Description	Project WA00500001	Project WA00500002	Project WA00500004	Project WA00500005	Project WA00500006	Project WA00500007	Project WA00500008	Project WA00500009	Project WA00500010	Project WA00500011	Project WA00500012	Project WA00500013	Project WA00500014	Project WA00500015	Project WA00500016	Ballistics Activities	State/Local
111	Cash - Unrestricted	-	-	-	-	366,268	26,214	17,190	14,422	60,843	66,956	54,273	59,819	71,619	85,702	41,337	8,812,144	-
112	Cash - Restricted - Modernization and Development	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6,667,443	-
113	Cash - Other Restricted	-	-	-	-	1,460	-	-	-	-	-	-	-	-	-	-	625,643	-
114	Cash - Tenant Security Deposits	-	-	-	-	4,502	-	-	-	-	-	-	-	-	-	-	89,140	-
115	Cash - Restricted for Payment of Current Liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	7,333,629	-
120	Total Cash	\$	\$	\$	\$	\$ 374,170	\$ 26,214	\$ 17,190	\$ 14,422	\$ 60,843	\$ 66,956	\$ 54,273	\$ 59,819	\$ 71,619	\$ 85,702	\$ 41,337	\$ 19,959,629	\$
121	Accounts Receivable - PHA Projects	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
122	Accounts Receivable - HUD Other Projects	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
124	Accounts Receivable - Other Government	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	33,469
125	Accounts Receivable - Miscellaneous	-	-	-	-	50,019	-	-	-	-	-	-	-	-	-	-	967,673	-
126	Accounts Receivable - Tenants	-	-	-	-	198	-	-	-	-	-	-	-	-	-	-	21,538	-
127	Allowance for Doubtful Accounts - Tenants	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,699)	-
128	Notes, Loans, & Mortgages Receivable - Current	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,575,143	-
128	Fraud Recovery	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
128.1	Allowance for Doubtful Accounts - Fraud	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
129	Accrued Interest Receivable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	85,079	-
120	Total Receivables, Net of Allowances for Doubtful Accounts	\$	\$	\$	\$	\$ 50,177	\$	\$ 17,320	\$ 14,460	\$ 61,443	\$ 67,556	\$ 54,770	\$ 60,910	\$ 72,110	\$ 86,193	\$ 41,921	\$ 2,648,234	\$ 33,469
131	Investments - Unrestricted	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,637,737	-
132	Investments - Restricted	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
135	Investments - Restricted for Payment of Current Liability	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
142	Prepaid Expenses and Other Assets	-	-	-	-	5,149	229	130	44	600	600	491	491	491	284	284	69,589	-
143	Inventories	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
143.1	Allowance for Obsolete Inventories	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
144	Inter Program Due From	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
145	Lease Held for Sale	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
150	Total Current Assets	\$	\$	\$	\$	\$ 428,498	\$ 28,443	\$ 17,320	\$ 14,460	\$ 61,443	\$ 67,556	\$ 54,770	\$ 60,910	\$ 72,110	\$ 86,193	\$ 41,921	\$ 24,367,844	\$ 33,469
161	Land	-	-	-	-	248,207	60,578	60,578	-	774,771	768,309	768,309	337,753	948,899	871,361	-	6,102,655	-
162	Buildings	-	-	-	-	3,427,144	-	-	-	-	-	-	-	-	-	-	22,076,229	-
163	Furniture, Equipment & Machinery - Dwellings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	706,455	-
164	Furniture, Equipment & Machinery - Administration	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	786,625	-
165	Leasehold Improvements	-	-	-	-	-	-	-	-	-	-	-	1,402,218	1,409,840	-	-	5,267,743	-
166	Accumulated Depreciation	-	-	-	-	(1,565,180)	-	-	-	-	-	-	(854,369)	(657,469)	-	-	(5,746,629)	-
168	Construction in Progress	-	-	-	-	20,008	-	-	-	-	-	-	-	-	-	-	135,533	-
169	Total Capital Assets, Net of Accumulated Depreciation	\$	\$	\$	\$	\$ 2,307,178	\$ 60,578	\$ 60,578	\$	\$ 774,771	\$ 768,309	\$ 768,309	\$ 337,753	\$ 1,694,639	\$ 1,622,742	\$	\$ 29,318,314	\$
171	Notes, Loans, and Mortgages Receivable - Non-Current	-	-	-	-	-	252,120	66,541	56,533	-	-	-	-	-	404,030	-	109,507,056	-
172	Notes, Loans, & Mortgages Receivable - Non-Current - Past	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
173	Grants Receivable - Non-Current	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
174	Other Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	193,361	-
175	Notes, Loans, and Mortgages Receivable - Non-Current	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	12,046,204	-
180	Total Non-Current Assets	\$	\$	\$	\$	\$ 2,307,178	\$ 312,869	\$ 127,120	\$ 56,533	\$ 774,771	\$ 768,309	\$ 768,309	\$ 337,753	\$ 1,694,639	\$ 2,220,163	\$	\$ 144,870,974	\$
200	Deferred Outflow of Resources	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$ 408,889	\$
200	Total Assets and Deferred Outflow of Resources	\$	\$	\$	\$	\$ 2,736,675	\$ 341,142	\$ 144,440	\$ 70,999	\$ 836,214	\$ 835,865	\$ 823,079	\$ 398,103	\$ 1,766,848	\$ 2,306,346	\$ 41,921	\$ 169,646,547	\$ 33,469
311	Bank Overdraft	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
311	Accounts Payable - 90 Days	-	-	-	-	27,286	7,400	5,519	8,690	10,930	12,167	9,807	11,008	12,600	12,670	8,103	2,338,669	-
313	Accounts Payable - 30 Days	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
321	Accrued Wage/Payroll Taxes Payable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	404,591	-
322	Accrued Compensated Absences - Current Portion	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,157	-
324	Accrued Contingency Liability	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
325	Accrued Interest Payable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6,881	-
331	Accounts Payable - PHA Projects	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
332	Accounts Payable - HUD PHA Programs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
334	Accounts Payable - Other Government	-	-	-	-	4,500	-	-	-	-	-	-	-	-	-	-	69,123	-
342	Unearned Revenue	-	-	-	-	740	-	-	-	-	-	-	-	-	-	-	647,024	-

Line Item No.	Description	Project WA05000001	Project WA05000002	Project WA05000003	Project WA05000004	Project WA05000005	Project WA05000006	Project WA05000007	Project WA05000008	Project WA05000009	Project WA05000010	Project WA05000011	Project WA05000012	Project WA05000013	Project WA05000014	Project WA05000015	Project WA05000016	Ballistics Activities	State/Local	
343	Current Portion of Long-term Debt - Capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	120,370	-	
344	Current Portion of Long-term Debt - Operating Borrowings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
345	Other Current Liabilities	-	-	-	-	17,406	-	-	-	-	-	-	-	-	-	-	-	3,009	-	
346	Accrued Liabilities - Other	-	-	-	-	20	-	-	-	-	-	-	-	-	-	-	-	1678	-	
347	Accrued Liabilities - Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
348	Loan Liability - Current	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
310	Total Current Liabilities	-	-	-	-	\$ 40,965	\$ 8,690	\$ 5,519	\$ 8,690	\$ 10,930	\$ 12,167	\$ 9,907	\$ 11,009	\$ 12,800	\$ 12,870	\$ 8,103	\$ 3,598,952	\$ 33,469	\$ 33,469	
351	Long-term Debt, Net of Current-Capital Projects/Mortgage	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	56,917,927	-	
352	Long-term Debt, Net of Current-Operating Borrowings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
353	Non-current Liabilities - Other	-	-	-	-	1,400	-	-	-	-	-	-	-	-	-	-	-	1,351,228	-	
354	Non-current Liabilities - Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
355	Loan Liability - Non Current	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	170,979	-	
356	FASB S Liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
357	Accrued Pension and OPEB Liabilities	-	-	-	-	1,400	-	-	-	-	-	-	-	-	-	-	-	1,731,700	-	
350	Total Non-Current Liabilities	-	-	-	-	\$ 51,365	\$ 8,690	\$ 7,405	\$ 5,519	\$ 10,930	\$ 12,167	\$ 9,907	\$ 11,009	\$ 12,800	\$ 12,870	\$ 8,103	\$ 63,788,080	\$ 33,469	\$ 33,469	
400	Deferred Inflow of Resources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$ 70,573	-	
508.4	Net Investment in Capital Assets	-	-	-	-	2,307,179	60,579	60,579	60,579	774,771	768,309	768,309	768,309	337,769	1,694,639	1,622,742	-	10,120,096	-	
511.4	Restricted Net Position	-	-	-	-	378,131	273,158	78,342	62,309	50,513	44,863	49,301	59,210	670,734	33,619	86,394,012	-	9,293,086	-	
512.4	Unrestricted Net Position	-	-	-	-	2,685,310	332,737	138,921	62,309	623,698	623,698	613,172	587,094	1,754,048	2,289,476	33,619	106,807,694	-	1,351,228	-
513	Total Equity - Net Position	-	-	-	-	\$ 2,736,675	\$ 441,142	\$ 341,142	\$ 144,440	\$ 70,999	\$ 336,214	\$ 335,965	\$ 323,073	\$ 1,785,649	\$ 2,306,546	\$ 41,921	\$ 189,686,547	\$ 33,469	\$ 33,469	
800	Total Lab. Def. Inflow of Res. and Equity - Net Position	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
70300	Net Tenant Retail Revenue	147,287	136,906	136,906	-	66,276	-	-	-	-	-	-	-	-	-	-	-	2,308,082	-	
70400	Tenant Revenue - Other	50,032	3,629	7,674	-	1,079	-	-	-	-	-	-	-	-	-	-	-	81,048	-	
70500	Total Tenant Revenue	\$ 197,319	\$ 139,735	\$ 144,870	-	\$ 67,355	-	-	-	-	-	-	-	-	-	-	-	\$ 2,389,130	\$ -	
70600	HUD PHA Operating Grants	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
70610	Capital Grants	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
70710	Management Fee	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
70720	Asset Management Fee	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
70730	Book Keeping Fee	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
70740	Front Line Service Fee	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
70750	Other Fees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
70700	Total Fee Revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	91,911	-	
70800	Other Government Grants	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
71000	Interest Income - Restricted	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
71200	Mortgage Interest Income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
71300	Proceeds from Disposition of Assets Held for Sale	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	37,777	-	
71310	Cost of Sale of Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
71400	Fraud Recovery	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
71500	Other Revenue	6,154	4,957	1,831	-	52,787	-	-	-	-	-	-	-	-	-	-	-	10,109,170	-	
71600	Gain or Loss on Sale of Capital Assets	-	-	-	-	306,712	-	-	-	-	-	-	-	-	-	-	-	886,108	-	
72000	Investment Income - Restricted	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,439	-	
73000	Total Revenue	\$ 203,473	\$ 144,692	\$ 146,701	-	\$ 465,654	\$ 681	\$ 18,057	\$ 144,440	\$ 70,999	\$ 336,214	\$ 335,965	\$ 323,073	\$ 1,785,649	\$ 2,306,546	\$ 41,921	\$ 16,825,712	\$ 211,121	\$ 211,121	
91100	Administrative Salaries	29,834	26,726	27,181	-	18,057	-	-	-	-	-	-	-	-	-	-	-	2,009,387	-	
91200	Auditing Fees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	140	-	
91300	Management Fee	-	-	-	-	417	23	108	53	296	304	241	244	347	341	140	14,864	66,489	-	
91310	Book-keeping Fee	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
91400	Advertising and Marketing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,553	-	
91500	Employee Benefit contributions - Administrative	12,153	10,325	10,034	-	6,968	-	-	-	-	-	-	-	-	-	-	-	701,494	-	
91700	Travel Expenses	2,619	1,681	1,032	-	4,088	-	-	-	-	-	-	-	-	-	-	-	92,248	2,028	
91700	Travel	141	128	176	-	14	-	-	-	-	-	-	-	-	-	-	-	37,338	-	

Line Item No.	Description	Project WA005000011	Project WA005000002	Project WA005000003	Project WA005000004	Project WA005000005	Project WA005000006	Project WA005000007	Project WA005000008	Project WA005000009	Project WA005000010	Project WA005000011	Project WA005000012	Project WA005000013	Project WA005000014	Project WA005000015	Project WA005000016	Business Activities	State/Local
91810	Allocated Overhead	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
91900	Total	63,979	60,327	51,516	-	41,131	-	-	-	-	-	-	-	-	-	-	-	410,119	-
91900	Total Operating - Administrative	\$ 119,895	\$ 119,874	\$ 102,859	-	\$ 70,675	-	\$ 108	\$ 53	\$ 23	\$ 298	\$ 304	\$ 241	\$ 244	\$ 347	\$ 341	\$ 40	\$ 3,472,345	\$ 2,028
92000	Asset Management Fee	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6,060	-
92100	Tenant Services - Salaries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	143,611	104,600
92200	Relocation Costs	920	1,888	955	-	24,300	-	-	-	-	-	-	-	-	-	-	-	1,500	-
92300	Employee Benefit Contributions - Tenant Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	47,827	41,378
92400	Tenant Services - Other	1,613	675	1,678	-	37,606	-	-	-	-	-	-	-	-	-	-	-	88,637	-
92500	Total Tenant Services	\$ 2,533	\$ 2,543	\$ 2,651	-	\$ 61,966	-	-	-	-	-	-	-	-	-	-	-	\$ 281,975	\$ 146,178
92600	Water	3,965	2,672	3,258	-	3,511	-	-	-	-	-	-	-	-	-	-	-	29,029	-
92700	Electricity	2,945	2,625	3,261	-	3,261	-	-	-	-	-	-	-	-	-	-	-	5,328	-
92800	Gas	1,844	1,638	1,434	-	976	-	-	-	-	-	-	-	-	-	-	-	1,105	-
92900	Fuel	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
93000	Labor	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
93100	Employee Benefit Contributions - Utilities	29,949	23,590	37,583	-	7,288	-	-	-	-	-	-	-	-	-	-	-	198,606	-
93200	Other Utilities Expense	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	307	-
93300	Total Utilities	\$ 70,791	\$ 57,179	\$ 60,594	-	\$ 15,252	-	-	-	-	-	-	-	-	-	-	-	\$ 271,232	-
94100	Ordinary Maintenance and Operations - Labor	37,684	37,437	11,625	-	11,625	-	-	-	-	-	-	-	-	-	-	-	767,974	-
94200	Ordinary Maintenance and Operations - Materials and	6,086	6,763	10,387	-	19,777	-	-	-	-	-	-	-	-	-	-	-	84,033	-
94300	Ordinary Maintenance and Operations Contracts	51,071	47,572	50,789	-	14,216	-	-	-	-	-	-	-	-	-	-	-	309,312	-
94500	Employee Benefit Contributions - Ordinary Maintenance	17,715	17,339	14,654	-	4,440	-	-	-	-	-	-	-	-	-	-	-	286,859	-
94600	Total Maintenance	\$ 112,786	\$ 108,305	\$ 112,297	-	\$ 32,258	-	-	-	-	-	-	-	-	-	-	-	\$ 1,428,278	-
95100	Protective Services - Labor	8,825	7,445	4,185	-	2,332	-	-	-	-	-	-	-	-	-	-	-	469	-
95200	Protective Services - Other	2,822	689	310	-	9	-	-	-	-	-	-	-	-	-	-	-	87	-
95300	Total Protective Services	\$ 11,647	\$ 8,337	\$ 4,179	-	\$ 2,345	-	-	-	-	-	-	-	-	-	-	-	\$ 547	-
96110	Property Insurance	6,615	6,573	6,375	-	1,267	-	-	-	-	-	-	-	-	-	-	-	43,771	-
96120	Liability Insurance	1,950	1,440	1,447	-	20	-	-	-	-	-	-	-	-	-	-	-	10,521	-
96130	Workers' Compensation	2,990	2,782	2,513	-	1,754	-	-	-	-	-	-	-	-	-	-	-	56,093	530
96200	Other Insurance	1,528	1,528	1,528	-	1,528	-	-	-	-	-	-	-	-	-	-	-	1,528	-
96300	Total Insurance Premiums	\$ 15,473	\$ 13,253	\$ 12,263	-	\$ 1,287	-	-	-	-	-	-	-	-	-	-	-	\$ 115,828	\$ 530
96200	Other General Expenses	760	1,651	994	-	170	-	567,611	31,836	15,675	131,158	148,002	118,885	132,112	154,797	154,442	80,811	215,391	-
96210	Compensated Absences	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	11,057	-
96300	Payments in Lieu of Taxes	2,730	2,594	2,457	-	580	-	358	205	68	939	939	768	768	768	768	444	-	-
96400	Bad debt - Tenant Rents	47,282	7,789	23,308	-	291	-	-	-	-	-	-	-	-	-	-	-	4,457	-
96500	Bad debt - Mortgages	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
96600	Bad debt - Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
96700	Share of Lease Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	28,585	-
96800	Total Other General Expenses	\$ 50,762	\$ 12,034	\$ 28,769	-	\$ 201	-	\$ 571,119	\$ 32,041	\$ 15,743	\$ 132,097	\$ 148,941	\$ 119,653	\$ 132,880	\$ 155,665	\$ 155,210	\$ 91,295	\$ 267,080	-
96710	Interest on Mortgage (or Bonds) Payable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	81,544	-
96720	Interest on Notes Payable (Short and Long Term)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	41,686	-
96730	Amortization of Bond Issue Costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
96700	Total Interest Expense and Amortization Cost	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$ 123,230	-
96800	Total Operating Expenses	\$ 383,932	\$ 312,885	\$ 322,639	-	\$ 1,578	\$ 194,729	\$ 57,227	\$ 32,084	\$ 15,768	\$ 132,393	\$ 147,245	\$ 119,884	\$ 133,124	\$ 155,912	\$ 155,551	\$ 91,295	\$ 5,936,895	\$ 148,236
97000	Excess Operating Revenue Over Operating Expenses	\$ (180,450)	\$ (188,173)	\$ (174,928)	-	\$ (997)	\$ 261,125	\$ (57,227)	\$ (32,084)	\$ (15,768)	\$ (132,393)	\$ (147,245)	\$ (119,884)	\$ (133,124)	\$ (155,912)	\$ (155,551)	\$ (91,395)	\$ 10,088,327	\$ 62,395
97100	Extraordinary Maintenance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
97200	Casualty Losses - Non-capitalized	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	484	-
97300	Housing Assistance Payments	506,081	481,771	487,301	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
97350	PPP Forgiveness	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
97400	Fraud Expense	204,814	187,489	282,161	-	113,686	-	-	-	-	-	-	-	-	-	-	-	978,728	-
97500	Fraud Losses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
97600	Dwelling Units Rent Expense	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Line Item No.	Description	Project WA00500001	Project WA00500002	Project WA00500003	Project WA00500004	Project WA00500005	Project WA00500006	Project WA00500007	Project WA00500008	Project WA00500009	Project WA00500010	Project WA00500011	Project WA00500012	Project WA00500013	Project WA00500014	Project WA00500015	Project WA00500016	Business Activities	State/Local
9000	Total Expenses	\$ 1,054,807	\$ 950,400	\$ 1,078,977	\$ -	\$ 1,578	\$ 306,415	\$ 57,227	\$ 32,054	\$ 15,766	\$ 132,353	\$ 147,243	\$ 119,884	\$ 133,124	\$ 249,474	\$ 249,474	\$ 81,385	\$ 6,916,107	\$ 148,236
1000	Opening Transfer In	665,465	610,201	1,026,652	28,139	-	204,962	56,760	50,062	28,419	149,472	164,781	133,661	147,504	170,212	167,196	90,610	1,065,608	-
1020	Opening Transfer Out	-	-	-	(155,457)	-	-	-	-	-	-	-	-	-	-	-	-	(1,451,777)	(128,395)
1030	Transfers from Primary Government	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1040	Transfers to Primary Government	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1050	Transfers from Other Government	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1060	Transfers to Other Government	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1070	Extraordinary Items, Not Gain/Loss	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1080	Special Items (Net Gain/Loss)	6,763,302	5,711,227	5,884,841	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1091	Inter Project Excess Cash Transfer In	-	-	-	-	-	70,829	17,760	12,504	11,925	-	-	-	-	-	-	15,332	-	-
1092	Inter Project Excess Cash Transfer Out	-	-	-	-	-	(15,331)	(17,760)	(12,504)	(11,925)	(21,573)	(20,299)	(13,041)	(13,553)	(9,472)	(6,465)	-	-	-
1093	Transfers between Program and Project - In	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1094	Transfers between Program and Project - Out	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1099	Total Other Financing Sources (Uses)	\$ 7,448,767	\$ 6,321,428	\$ 6,911,473	\$ (155,915)	\$ -	\$ 286,460	\$ 74,520	\$ 62,586	\$ 40,344	\$ 127,889	\$ 144,483	\$ 120,644	\$ 133,957	\$ 160,740	\$ 160,734	\$ 108,142	\$ (388,979)	\$ (128,395)
1000	Excess (Deficiency) of Revenue Over (Under) Expenses	\$ 6,957,433	\$ 5,156,720	\$ 5,976,197	\$ (159,915)	\$ (997)	\$ 407,899	\$ 17,293	\$ 30,492	\$ 24,578	\$ (4,494)	\$ (2,762)	\$ 750	\$ 827	\$ (88,653)	\$ (50,963)	\$ 14,747	\$ 6,722,626	\$ (67,000)
11020	Required Annual Debt Principal Payments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	386,688	-
11030	Beginning Equity	4,647,942	3,558,281	6,697,841	159,915	5,034,944	2,271,411	316,444	108,429	37,731	829,778	826,460	812,422	386,267	1,842,702	2,344,439	18,771	54,283,093	67,000
11040	for period adjustments, equity transfers, and correction of errors	(11,206,375)	(9,024,091)	(12,671,038)	-	(5,033,947)	-	-	-	-	-	-	-	-	-	-	-	42,802,175	-
11170	Administrative Fee Equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11180	Housing Assistance Payments Equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11190	Unit Months Available	640	698	576	-	-	401	252	144	48	660	660	540	540	540	540	312	2,520	-
11210	Unit Months Leased	823	580	525	-	-	248	248	140	45	680	657	524	528	530	537	312	2,488	-
11270	Excess Cash	(31,903)	(26,072)	(26,868)	-	(132)	356,756	20,800	11,671	5,732	49,913	54,789	44,372	48,910	58,719	72,832	33,284	-	-
11610	Land Purchases	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11620	Building Purchases	-	-	-	-	-	360,807	-	-	-	-	-	-	-	-	-	-	-	-
11630	Furniture & Equipment-Dwelling Purchases	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11640	Furniture & Equipment-Administrative Purchases	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11650	Leasehold Improvements Purchases	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11660	Leasehold Improvements Purchases	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1350	CFEP Debt Service Payments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1361	Replacement Housing Factor Funds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

PHA: WA005 FY:ED: 12/31/2016

Line Item No.	Description	14-OPS MTW Program for Low Rent	14-CFP MTW Program for Capital Fund	14-HCV MTW Program for HCVP Program	14-881 Moving to Self-Help Demonstration Program	14-871 Housing Choice Vouchers	14-299 HOME Partnership Program	14-870 Resident Opportunity and Supportive Services	14-218 Community Development Block Grant/Entitlement Grants	14-249 Section 8 Moderate Rehabilitation Single Room Occupancy	14-890 Capital Fund Education and Training Community Facilities	14-886 Family Self-Sufficiency Program	66-818 Brownfields Assessment and Cleanup Cooperative Agreements	Blended Component Units	Discretely Reported Component Units	Elimination	Total
111	Cash - Unrestricted	-	-	-	3,381,555	-	-	-	-	55,996	-	-	-	202,236	1,908,642	-	15,429,222
112	Cash - Restricted - Modernization and Development	-	-	-	98,121	398,980	-	-	-	-	-	-	-	-	4,596,648	-	53,224,191
113	Cash - Other Restricted	-	-	-	-	-	-	-	-	-	-	-	-	-	6,313,670	-	7,436,214
114	Cash - Tenant Security Deposits	-	-	-	-	-	-	-	-	50,863	-	-	-	-	294,404	-	388,248
115	Grant Restricted for Payment of Current Liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	10,079
120	Total Cash	\$	\$	\$	\$ 3,979,676	\$ 398,980	\$	\$	\$	\$ 86,857	\$	\$	\$	\$ 202,236	\$ 13,073,164	\$	\$ 32,270,929
121	Accounts Receivable - PHA Projects	-	-	-	63,265	-	-	-	-	-	-	-	-	-	-	-	63,265
122	Accounts Receivable - HUD Other Projects	-	-	-	-	-	-	12,444	-	3,354	-	9,148	-	-	-	-	24,946
124	Accounts Receivable - Other Government	-	-	-	-	-	-	-	11,744	-	-	-	1,869	-	-	-	47,092
125	Accounts Receivable - Miscellaneous	-	-	-	45,445	-	-	-	-	-	-	-	-	149,323	455,172	(149,323)	1,518,609
126	Accounts Receivable - Tenants	-	-	-	42,415	-	-	-	-	-	-	-	-	-	247,889	-	311,180
127	Allowance for Doubtful Accounts - Tenants	-	-	-	(42,415)	-	-	-	-	-	-	-	-	-	(132,030)	-	(175,944)
128	Notes, Loans, & Mortgages Receivable - Current	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,575,143
128	Fraud Recovery	-	-	-	17,439	4,961	-	-	-	463	-	-	-	-	-	-	22,863
128.1	Allowance for Doubtful Accounts - Fraud	-	-	-	(6,720)	(2,481)	-	-	-	(463)	-	-	-	-	-	-	(11,666)
129	Accrued Interest Receivable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	85,079
120	Total Receivables, Net of Allowances for Doubtful Accounts	\$	\$	\$	\$ 117,429	\$ 2,480	\$	\$ 12,444	\$ 11,744	\$ 3,354	\$	\$ 9,148	\$ 1,869	\$ 149,323	\$ 570,211	\$ (149,323)	\$ 3,480,559
131	Investments - Unrestricted	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,637,737
132	Investments - Restricted	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
135	Investments - Restricted for Payment of Current Liability	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
142	Prepaid Expenses and Other Assets	-	-	-	94,301	159	-	-	-	39	-	-	-	-	309,008	-	470,696
143	Inventories	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
143.1	Allowance for Obsolete Inventories	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
144	Inter-Program Due From	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
145	Assets Held for Sale	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
150	Total Current Assets	\$	\$	\$	\$ 3,991,400	\$ 401,619	\$	\$ 12,444	\$ 11,744	\$ 60,250	\$	\$ 9,148	\$ 1,869	\$ 351,559	\$ 13,992,693	\$ (218,108)	\$ 43,830,015
161	Land	-	-	-	1,841,084	-	-	-	-	-	-	-	-	-	805,823	-	13,588,459
162	Buildings	-	-	-	5,466,576	-	-	-	-	-	-	-	-	-	169,232,831	-	199,212,782
163	Furniture, Equipment & Machinery - Dwellings	-	-	-	-	-	-	-	-	-	-	-	-	-	3,459,225	-	4,105,680
164	Furniture, Equipment & Machinery - Administration	-	-	-	2,838,004	-	-	-	-	-	-	-	-	-	396,951	-	3,662,080
165	Leasehold Improvements	-	-	-	5,697,518	-	-	-	-	-	-	-	-	-	11,187,317	-	24,953,634
166	Accumulated Depreciation	-	-	-	(7,668,182)	-	-	-	-	-	-	-	-	-	(30,762,949)	-	(47,988,993)
168	Capitalization in Progress	-	-	-	-	-	-	-	-	-	-	-	-	-	22,490,381	-	22,868,922
169	Total Non-Current Assets	\$	\$	\$	\$ 8,196,000	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$ 175,479,180	\$	\$ 221,388,594
171	Notes, Loans and Mortgages Receivable - Non-Current	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	104,286,280
172	Notes, Loans, & Mortgages Receivable - Non-Current - Paid	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
173	Grants Receivable - Non-Current	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
174	Other Assets	-	-	-	246,922	-	-	-	-	-	-	-	-	-	571,761	-	13,057,286
180	Total Non-Current Assets	\$	\$	\$	\$ 8,442,922	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$ 176,050,941	\$	\$ 338,732,142
200	Deferred Outflow of Resources	\$	\$	\$	\$ 918,718	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$ 1,327,307
200	Total Assets and Deferred Outflow of Resources	\$	\$	\$	\$ 13,293,048	\$ 401,619	\$	\$ 12,444	\$ 11,744	\$ 90,250	\$	\$ 9,148	\$ 1,869	\$ 351,559	\$ 190,003,824	\$ (218,108)	\$ 383,898,464
311	Bank Overdraft	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
312	Accounts Payable - 30 Days	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
313	Accounts Payable - 60 Days	-	-	-	500,000	7,830	-	-	-	-	-	-	-	-	-	-	507,830
321	Accrued Wage/Payroll Taxes Payable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	404,691
322	Accrued Compensated Absences - Current Portion	-	-	-	23,514	-	-	-	-	-	-	-	-	-	-	-	27,671
324	Accrued Contingency Liability	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
325	Accrued Interest Payable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
331	Accounts Payable - HUD PHA Programs	-	-	-	-	-	-	-	-	3,479	-	-	-	-	175,599	-	182,080
332	Accounts Payable - PHA Projects	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,960
334	Accounts Payable - Other Government	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
342	Unearned Revenue	-	-	-	241,240	-	-	-	-	-	-	-	-	-	299,880	-	373,963
342	Total Liabilities	\$	\$	\$	\$ 241,240	\$	\$	\$	\$	\$ 5,956	\$	\$	\$	\$	\$ 299,880	\$	\$ 288,645

Line Item No.	Description	14-OPS MTW Program for Low Rent	14-CFP MTW Program for Capital Fund	14-HCV MTW Program for HCV Program	14-881 Moving to Home Ownership Demonstration Program	14-871 Housing Choice Vouchers	14-299 HOME Partnerships Program	14-870 Resident Opportunity and Supportive Services	14-21B Community Development Grants/Entitlement Grants	14-249 Section 8 Moderate Rehabilitation Single Room Occupancy	14-890 Capital Fund Education and Training Community Facilities	14-886 Family Self-Sufficiency Program	66.818 Brownfields Assessment and Cleanup Cooperative Agreements	Blended Component Units	Discretely Reported Component Units	Elimination	Total
343	Current Portion of Long-term Debt - Capital	-	-	-	-	-	-	-	-	-	-	-	-	-	9,747,170	-	9,867,740
344	Current Portion of Long-term Debt - Operating Borrowings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
345	Other Current Liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	1,483,881	-	1,484,076
346	Accrued Liabilities - Other	-	-	-	7,641	-	-	-	-	-	-	-	-	-	1,609,820	-	1,618,290
347	Accrued Liabilities - Current	-	-	-	191	-	-	-	-	-	-	-	-	-	306,068	(68,865)	306,908
348	Loan Liability - Current	-	-	-	-	-	-	12,444	9,143	-	-	-	-	-	19,920,259	(218,188)	24,307,644
310	Total Current Liabilities	-	-	-	\$ 772,621	\$ 8,311	\$ -	\$ 12,444	\$ 11,744	\$ 9,143	\$ -	\$ -	\$ -	\$ -	\$ 19,920,259	\$ (218,188)	\$ 24,307,644
351	Long-term Debt, Net of Current-Capital Projects/Mortgage	-	-	-	-	-	-	-	-	-	-	-	-	-	9,075,216	-	65,982,643
352	Long-term Debt, Net of Current-Operating Borrowings	-	-	-	-	-	-	-	-	-	-	-	-	-	597,079	-	597,079
353	Non-current Liabilities - Other	-	-	-	68,121	-	-	-	-	-	-	-	-	-	12,820,683	-	9,870,693
354	Accrued Liabilities - Non Current	-	-	-	577,944	-	-	-	-	-	-	-	-	-	103,156,938	-	103,156,938
355	Loan Liability - Non Current	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
356	FASB 5 Liabilities	-	-	-	5,346,881	-	-	-	-	-	-	-	-	-	-	-	7,078,881
357	Accrued Pension and OPEB Liabilities	-	-	-	6,022,946	-	-	-	-	-	-	-	-	-	125,348,726	-	191,544,200
350	Total Non-Current Liabilities	-	-	-	\$ 6,795,597	\$ 8,311	\$ -	\$ 12,444	\$ 11,744	\$ 9,143	\$ -	\$ -	\$ -	\$ -	\$ 145,288,995	\$ (218,188)	\$ 215,851,744
300	Total Liabilities	-	-	-	\$ 7,568,218	\$ 16,622	\$ -	\$ 24,888	\$ 23,488	\$ 18,286	\$ -	\$ -	\$ -	\$ -	\$ 19,940,259	\$ (436,376)	\$ 24,307,644
400	Deferred Inflow of Resources	-	-	-	\$ 2,624,330	\$ 147,464	-	-	-	\$ 27,382	-	-	-	-	-	-	\$ 2,799,176
508.4	Net Investment in Capital Assets	-	-	-	8,196,000	-	-	-	-	-	-	-	-	-	50,862,759	-	77,683,957
511.4	Restricted Net Position	-	-	-	245,844	-	-	-	-	-	-	-	-	-	10,847,001	-	20,386,031
512.4	Unrestricted Net Position	-	-	-	(4,262,851)	-	-	-	-	53,428	-	-	-	-	(17,065,231)	-	(17,226,865)
513	Total Equity - Net Position	-	-	-	\$ 3,933,149	\$ 245,844	-	-	-	\$ 53,428	-	-	-	-	\$ 351,559	-	\$ 44,794,629
800	Total Liab. Def Inflow of Res. and Equity - Net Position	-	-	-	\$ 13,225,046	\$ 401,619	\$ -	\$ 12,444	\$ 11,744	\$ 90,250	\$ -	\$ -	\$ -	\$ -	\$ 190,003,524	\$ (218,188)	\$ 363,889,464
70300	Net Tenant Rental Revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	8,070,181	-	10,763,928
70400	Tenant Revenue - Other	-	-	-	133	-	-	-	-	-	-	-	-	-	318,895	-	463,271
70500	Total Tenant Revenue	-	-	-	\$ 133	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,389,076	\$ -	\$ 11,227,199
70600	HUD PHA Operating Grants	2,405,417	669,874	35,899,896	-	1,987,098	-	118,547	-	387,602	-	197,662	-	-	-	-	41,657,834
70810	Capital Grants	-	7,348,280	-	-	-	-	-	-	-	-	-	-	-	-	-	7,348,280
70710	Management Fee	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
70720	Asset Management Fee	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
70730	Book Keeping Fee	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
70740	Front Line Service Fee	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
70750	Other Fees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
70700	Total Fee Revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
70900	Other Government Grants	-	-	-	-	-	-	225,072	-	-	-	-	-	-	-	-	357,395
71100	Interest Income - Restricted	-	-	-	8,382	-	500	-	-	-	-	-	15,198	-	6,894	-	28,972
71200	Mortgage Interest Income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	64,413
71300	Proceeds from Disposition of Assets Held for Sale	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,632,713
71310	Cost of Sale of Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
71400	Fraud Recovery	-	-	-	18,968	-	3,760	-	-	-	-	-	-	-	-	-	22,758
71500	Other Revenue	-	-	-	1,363,332	600	-	-	-	-	-	-	-	61,984	1,226,628	(385,232)	12,442,111
71600	Gain or Loss on Sale of Capital Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,232,818
72000	Total Revenue	\$ 2,405,417	\$ 8,005,104	\$ 35,899,896	\$ 1,990,940	\$ 1,992,940	\$ -	\$ 118,547	\$ 225,072	\$ 387,706	\$ -	\$ 197,662	\$ 15,198	\$ 62,540	\$ 8,642,623	\$ (477,145)	\$ 76,896,250
91100	Administrative Salaries	-	-	-	4,240,489	-	-	-	-	-	-	-	1,324	-	755,198	-	7,108,194
91200	Auditing Fees	-	-	-	46,470	-	-	-	-	-	-	-	-	-	69,885	-	138,834
91300	Management Fee	-	-	-	1,756	-	-	-	-	-	-	-	-	-	667,612	(152,404)	734,380
91310	Book-keeping Fee	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
91400	Advertising and Marketing	-	-	-	6,902	-	-	-	-	-	-	-	-	-	-	-	8,895
91500	Employee Benefit Contributions - Administrative	-	-	-	1,527,883	-	-	-	-	-	-	-	433	-	249,830	-	2,818,500
91700	Legal Expenses	-	-	-	372,870	-	-	10,002	-	-	-	-	-	-	24,670	-	408,142
91800	Travel	-	-	-	71,195	-	-	1,123	-	-	-	-	-	-	2,927	-	112,442



Line Item No.	Description	14-OPS MTW Program for Low Rent	14-CFP MTW Program for Capital Fund	14-HCV MTW Program for HCV Program	14-881 Moving to Work Program	14-871 Housing Choice Vouchers	14-299 HOME Investment Partnerships Program	14-870 Resident Opportunity and Supportive Services	14-21B Community Development Block Grant/Entitlement Grants	14-249 Section 8 Moderate Rehabilitation Single Room Occupancy	14-890 Capital Fund Education and Training Community Facilities	14-886 Family Self-Sufficiency Program	66.818 Brownfields Assessment and Cleanup Cooperative Agreements	Blended Component Units	Discretely Reported Component Units	Elimination	Total
91810	Allocated Overhead	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
91900	Other	-	-	-	462,859	80,127	-	2,458	-	20,818	-	-	-	140	84,891	(524,739)	964,424
91000	Total Operating - Administrative	\$ -	\$ -	\$ -	\$ 7,292,099	\$ 88,398	\$ -	\$ 14,483	\$ 85	\$ 67,150	\$ -	\$ -	\$ 1,797	\$ 1,254	\$ 2,033,022	\$ (477,443)	\$ 13,001,746
92000	Asset Management Fee	-	-	-	-	-	-	-	-	-	-	-	-	-	52,493	-	59,151
92100	Tenant Services - Salaries	-	-	-	337,472	-	-	67,905	17,566	-	-	138,093	-	-	-	-	807,437
92200	Recocation Costs	-	-	-	129,482	-	-	35,392	7,232	-	-	60,887	-	-	202,580	-	232,183
92300	Employee Benefit Contributions - Tenant Services	-	-	-	60,519	-	-	500	-	-	-	-	-	2,100	122,492	-	322,108
92400	Tenant Services - Other	-	-	-	527,473	-	-	103,797	24,788	-	-	186,960	-	2,100	325,072	-	295,818
92500	Total Tenant Services	\$ -	\$ -	\$ -	\$ 1,054,943	\$ -	\$ -	\$ 107,994	\$ 50,586	\$ -	\$ -	\$ 245,940	\$ -	\$ 4,300	\$ 550,152	\$ -	\$ 1,657,636
92600	Water	-	-	-	6,528	-	-	-	-	-	-	-	-	-	325,897	-	332,425
92700	Electricity	-	-	-	28,389	-	-	-	-	-	-	-	-	-	173,617	-	202,006
92800	Gas	-	-	-	2,517	-	-	-	-	-	-	-	-	-	18,332	-	20,849
93400	Fuel	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
93500	Labor	-	-	-	19,781	-	-	-	-	-	-	-	-	-	638,070	-	657,851
93600	Employee Benefit Contributions - Utilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
93700	Other Utilities Expense	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
93800	Total Utilities	\$ -	\$ -	\$ -	\$ 60,833	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,443,994	\$ -	\$ 1,600,006
94000	Ordinary Maintenance and Operations - Labor	-	-	-	36,209	-	-	-	-	-	-	-	-	-	671,281	-	1,601,151
94100	Ordinary Maintenance and Operations - Materials and	-	-	-	17,068	-	-	-	-	-	-	-	-	-	683,184	-	809,469
94200	Ordinary Maintenance and Operations - Contracts	-	-	-	106,115	-	-	-	-	-	-	-	-	-	1,000,005	-	1,579,090
94300	Employee Benefit Contributions - Ordinary Maintenance	-	-	-	8,292	-	-	-	-	-	-	-	-	-	203,803	-	533,302
94400	Total Maintenance	\$ -	\$ -	\$ -	\$ 168,774	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,558,383	\$ -	\$ 4,523,011
95100	Protective Services - Labor	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
95200	Protective Services - Other Contract Costs	-	-	-	17,542	-	-	-	-	-	-	-	-	-	89,283	-	106,825
95300	Protective Services - Other	-	-	-	24,053	-	-	-	-	-	-	-	-	-	27,680	-	51,733
95400	Employee Benefit Contributions - Protective Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
95500	Total Protective Services	\$ -	\$ -	\$ -	\$ 41,595	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 89,283	\$ -	\$ 138,558
96110	Property Insurance	-	-	-	10,984	-	-	-	-	-	-	-	-	-	273,979	-	384,963
96120	Liability Insurance	-	-	-	27,027	392	-	-	-	98	-	-	-	-	130,625	-	174,096
96130	Workers Compensation	-	-	-	26,281	-	-	267	-	-	-	-	-	-	42,881	-	139,608
96140	Other Insurance	-	-	-	12,894	-	-	-	-	-	-	-	-	-	46,686	-	59,580
96100	Total Insurance Premiums	\$ -	\$ -	\$ -	\$ 77,286	\$ 392	\$ -	\$ 267	\$ 101	\$ 98	\$ -	\$ -	\$ -	\$ -	\$ 453,884	\$ -	\$ 783,227
96200	Other General Expenses	-	-	-	91,261	6,892	-	-	-	-	-	-	-	-	754,045	-	2,103,743
96210	Compensated Absences	-	-	-	37,963	-	-	-	-	-	-	-	-	-	49,050	-	87,013
96300	Payments in Lieu of Taxes	-	-	-	253	-	-	-	-	-	-	-	-	-	263,832	-	264,085
96400	Bad debt - Tenant Rents	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
96500	Bad debt - Mortgages	-	-	-	16,753	5,460	-	-	-	-	-	-	-	-	-	-	22,213
96600	Bad debt - Other	-	-	-	12,889	-	-	-	-	-	-	-	-	-	-	-	15,742
96700	Total Other General Expenses	\$ -	\$ -	\$ -	\$ 153,247	\$ 12,442	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,017,977	\$ -	\$ 2,570,286
96710	Interest on Mortgage (or Bonds) Payable	-	-	-	-	-	-	-	-	-	-	-	-	-	547,737	-	620,281
96720	Interest on Note Payable (Short and Long Term)	-	-	-	-	-	-	-	-	-	-	-	-	-	2,444,627	-	2,486,613
96730	Amortization of Bond Issue Costs	-	-	-	-	-	-	-	-	-	-	-	-	-	67,648	-	67,648
96700	Total Interest Expense and Amortization Cost	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,060,312	\$ -	\$ 3,183,542
96800	Total Operating Expenses	\$ -	\$ -	\$ -	\$ 8,518,999	\$ 201,242	\$ -	\$ 118,547	\$ 25,072	\$ 67,248	\$ -	\$ -	\$ 1,701	\$ 3,354	\$ 10,738,280	\$ (477,443)	\$ 27,538,977
97000	Excess Operating Revenue Over Operating Expenses	\$ -	\$ 8,009,104	\$ 35,899,896	\$ (6,928,153)	\$ 1,791,604	\$ -	\$ -	\$ 100,000	\$ 320,460	\$ -	\$ -	\$ 13,435	\$ 59,186	\$ (1,095,617)	\$ -	\$ 49,459,288
97100	Extraordinary Maintenance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	8,275
97200	Casualty Losses - Non-capitalized	-	-	-	966	-	-	-	-	-	-	-	-	-	35,350	-	43,729
97300	Housing Assistance Payments	-	-	-	29,448,056	1,838,974	-	-	-	320,460	-	-	-	-	-	-	33,062,623
97350	HAP Probability/in	-	-	-	853,892	-	-	-	-	-	-	-	-	-	-	-	853,892
97400	Other Expense	-	-	-	721,087	-	-	-	-	-	-	-	-	-	-	-	721,087
97500	Fraud Losses	-	-	-	-	-	-	-	-	-	-	-	-	-	4,186,195	-	4,186,195
97600	Dwelling Units Rent Expense	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Line Item No.	Description	14-OPS MTW Program for Low Rent	14-CFP MTW Program for Capital Fund	14-HCV MTW Program for HCV Program	14-881 Moving to Work Demonstration Program	14-871 Housing Choice Vouchers	14-299 HOME Assistance Program	14-870 Resident Opportunity and Supportive Services	14-21B Community Development Block Grant/Entitlement Grants	14-249 Section 8 Moderate Rehabilitation Single Room Occupancy	14-890 Capital Fund Education and Training Community Facilities	14-886 Family Self-Sufficiency Program	66.818 Brownfields Assessment and Remediation Cooperative Agreements	Blended Component Units	Discretely Reported Component Units	Elimination	Total
90000	Total Expenses	\$ -	\$ -	\$ -	\$ -38,861,390	\$ -2,040,216	\$ -	\$ -118,547	\$ -25,072	\$ -387,706	\$ -	\$ -197,662	\$ -1,761	\$ -3,354	\$ -14,959,625	\$ -477,443	\$ -67,645,417
10010	Operating Transfer In	-	-	-	47,924,132	-	-	-	-	-	-	-	-	-	-	-	-
10250	Operating transfer Out	(2,405,417)	(8,008,104)	-	(4,550,447)	-	-	(100,000)	-	-	-	-	-	-	-	(52,703,863)	-
10340	Operating transfers from the Primary Government	-	-	(35,995,896)	-	-	-	-	-	-	-	-	-	-	630,015	-	630,015
10340	Operating transfers from the County Government Unit	-	-	-	-	-	-	-	-	-	-	-	(13,436)	1,110	13,536	-	-
10370	Extraordinary Items, Net Gain/Loss	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10380	Special Items (Net Gain/Loss)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10391	Inter Project Excess Cash Transfer In	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(128,350)	-
10392	Inter Project Excess Cash Transfer Out	-	-	-	-	-	-	-	-	-	-	-	-	-	-	128,350	-
10393	Transfers between Program and Project - In	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10394	Transfers between Project and Program - Out	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10700	Total Other Financing Sources (Uses)	\$ (2,405,417)	\$ (8,008,104)	\$ (35,995,896)	\$ 43,275,085	\$ -	\$ -	\$ (100,000)	\$ -	\$ -	\$ -	\$ -	\$ (13,436)	\$ 1,110	\$ 632,537	\$ -	\$ 16,888,422
10000	Excess (Deficiency) of Revenue Over (Under) Expenses	\$ -	\$ -	\$ -	\$ 6,103,141	\$ (47,370)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 60,296	\$ (4,664,575)	\$ -	\$ 28,349,270
11020	Required Annual Debt Principal Payments	-	-	-	-	-	-	-	-	-	-	-	-	-	715,604	-	1,102,072
11030	Beginning Equity	-	-	-	144,341	283,214	(280,000)	-	-	53,428	1,733,003	-	-	297,263	50,476,131	-	136,684,280
11040	Adjustments for period adjustments, equity transfers, and correction of errors	-	-	-	(2,314,333)	-	250,000	-	-	-	(1,733,003)	-	-	-	(1,077,627)	-	(6,646)
11170	Administrative Fee Equity	-	-	-	-	245,844	-	-	-	-	-	-	-	-	-	-	245,844
11180	Housing Assistance Payments Equity	-	-	-	-	3,705	-	-	-	852	-	-	-	-	11,712	-	71,378
11190	Unit Months Available	-	-	-	43,518	3,284	-	-	-	525	-	-	-	-	11,288	-	57,548
11210	Unit Months Leased	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11270	Excess Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	672,565
11610	Land Purchases	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11620	Building Purchases	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	360,807
11630	Furniture & Equipment-Dwelling Purchases	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11640	Furniture & Equipment-Administrative Purchases	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11650	Leasehold Improvements Purchases	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11660	Leasehold Improvements Purchases	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13510	CFEP Debt Service Proceeds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13610	Replacement Housing Factor Funds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-



U.S. Department of Housing and Urban Development

Seattle Regional Office  
Seattle Federal Office Building  
Office of Public Housing  
909 First Avenue, Suite 360  
Seattle, WA 98104-1000

**RECEIVED**

JUL 03 2017

JUL 06 2017

Michael Mirra, Executive Director  
Tacoma Housing Authority  
902 South "L" Street  
Tacoma, WA 98405-4037

**Tacoma Housing Authority**  
902 South L. Street  
Tacoma, WA 98405  
[www.tacomahousing.org](http://www.tacomahousing.org)

Dear Mr. Mirra:

Subject: Approval of Final Performance and Evaluation Reports (P&Es) and Actual Modernization Cost Certificates (AMCCs) for Capital Fund and Replacement Housing Factor Grants WA19P00550112, WA19P00550113, WA19P00550114, WA19R00550114, WA19R00550214, WA19P0055015, and WA19R00550215

Our office reviewed the Final P&E Reports and the AMCCs (form HUD-53001) for the subject grants. The AMCCs are approved for audit as submitted. A signed copy of each AMCC is enclosed for your records.

Please ensure the costs for these grant are verified during your next regularly scheduled fiscal audit. Also, please ask the auditor to include a copy of each AMCC as an enclosure to the financial statement in the audit report. Following receipt of the audit report, providing there are no audit findings affecting the AMCCs, we will furnish final approval and provide copies for your records.

Should you have any questions regarding these AMCC please contact Carmen Tennison, Facilities Management Specialist, by email at [carmen.tennison@hud.gov](mailto:carmen.tennison@hud.gov) or at 907-677-9898.

Sincerely,

Harlan Stewart  
Director  
Office of Public Housing

Enclosures:  
7 Forms HUD-53001

[www.hud.gov/washington.html](http://www.hud.gov/washington.html)  
[espanol.hud.gov](http://espanol.hud.gov)

**Actual Modernization  
Cost Certificate**

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

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

**Capital Fund Program (CFP)**

Public reporting burden for this collection of information is estimated to average 2 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the Reports Management Officer, Paperwork Reduction Project (2577-0044 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.

PHA Name: HOUSING AUTHORITY OF THE CITY OF TACOMA	Modernization Project Number: WA19P00550112
--	--

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

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

A. Funds Approved	\$ 1,593,197.00
B. Funds Disbursed	\$ 1,593,197.00
C. Funds Expended (Actual Modernization Cost)	\$ 1,593,197.00
D. Amount to be Recaptured (A-C)	\$
E. Excess of Funds Disbursed (B-C)	\$

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

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

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

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

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

7. Please mark one:

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

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

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

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

Michael Mirra, Executive Director

Signature of Executive Director (or Authorized Designee):

*M. Mirra* M. Mirra

Date:

6.27.17

For HUD Use Only

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

Approved for Audit (Director, Office of Public Housing)

X *[Signature]*

Date:

0703.2017

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

Approved: (Director, Office of Public Housing)

X

Date:

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

**Actual Modernization  
Cost Certificate**

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

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

**Capital Fund Program (CFP)**

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.

PHA Name: HOUSING AUTHORITY OF THE CITY OF TACOMA	Modernization Project Number: WA19P00550113
--	--

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

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

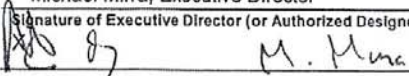
A. Funds Approved	\$ 1,319,864.00
B. Funds Disbursed	\$ 1,319,864.00
C. Funds Expended (Actual Modernization Cost)	\$ 1,319,864.00
D. Amount to be Recaptured (A-C)	\$
E. Excess of Funds Disbursed (B-C)	\$

- That all modernization work in connection with the Modernization Grant has been completed;
- That the entire Actual Modernization Cost or liabilities therefor incurred by the PHA have been fully paid;
- 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;
- That the time in which such liens could be filed has expired; and
- That for any years in which the grantee is subject to the audit requirements of the Single Audit Act, 31 U.S.C. § 7501 et seq., as amended, the grantee has or will perform an audit in compliance with said requirements.

7. Please mark one:
- A. This grant **will** be included in the PHA's next fiscal year audit per the requirements of the Single Audit Act.
- B. This grant **will not** be included in the PHA's next fiscal year audit per the requirements of the Single Audit Act.

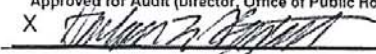
I hereby certify that all the information stated herein, as well as any information provided in the accompaniment herewith, is true and accurate.  
Warning: HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties. (18 U.S.C. 1001, 1010, 1012; 31 U.S.C. 3729, 3802)

Name & Title of Authorized Signatory (type or print clearly):  
Michael Mirra, Executive Director

Signature of Executive Director (or Authorized Designee): 	Date: 6.27.17
--	------------------

For HUD Use Only

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

Approved for Audit (Director, Office of Public Housing): X 	Date: 07.03.2017
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The costs shown above agree with HUD verified costs (if box 7A or 7B is marked):

Approved: (Director, Office of Public Housing): X	Date:
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form HUD-53001 (10/96)  
ref Handbooks 7485.1 & 3

**Actual Modernization  
Cost Certificate**

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

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

**Capital Fund Program (CFP)**

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.

PHA Name: HOUSING AUTHORITY OF THE CITY OF TACOMA	Modernization Project Number: WA19P00550114
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The PHA hereby certifies to the Department of Housing and Urban Development as follows:

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

A. Funds Approved	\$ 1,590,067.00
B. Funds Disbursed	\$ 1,590,067.00
C. Funds Expended (Actual Modernization Cost)	\$ 1,590,067.00
D. Amount to be Recaptured (A-C)	\$
E. Excess of Funds Disbursed (B-C)	\$

- That all modernization work in connection with the Modernization Grant has been completed;
- That the entire Actual Modernization Cost or liabilities therefor incurred by the PHA have been fully paid;
- 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;
- That the time in which such liens could be filed has expired; and
- That for any years in which the grantee is subject to the audit requirements of the Single Audit Act, 31 U.S.C. § 7501 et seq., as amended, the grantee has or will perform an audit in compliance with said requirements.

7. Please mark one:

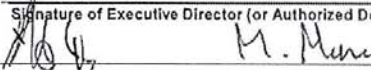
- A. This grant will be included in the PHA's next fiscal year audit per the requirements of the Single Audit Act.
- B. This grant will not be included in the PHA's next fiscal year audit per the requirements of the Single Audit Act.

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

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

Michael Mirra, Executive Director

Signature of Executive Director (or Authorized Designee): 	Date: 6.27.17
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For HUD Use Only

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

Approved for Audit (Director, Office of Public Housing) X 	Date: 0709.2017
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The costs shown above agree with HUD verified costs (if box 7A or 7B is marked):

Approved: (Director, Office of Public Housing) X	Date:
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form HUD-53001 (10/96)  
ref Handbooks 7485.1 & 3

**Actual Modernization Cost Certificate**

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

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

**Capital Fund Program (CFP)**

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PHA Name: HOUSING AUTHORITY OF THE CITY OF TACOMA	Modernization Project Number: WA19R00550114
--	--

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

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

A. Funds Approved	\$ 277,032.00
B. Funds Disbursed	\$ 277,032.00
C. Funds Expended (Actual Modernization Cost)	\$ 277,032.00
D. Amount to be Recaptured (A-C)	\$
E. Excess of Funds Disbursed (B-C)	\$

- That all modernization work in connection with the Modernization Grant has been completed;
- That the entire Actual Modernization Cost or liabilities therefor incurred by the PHA have been fully paid;
- 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;
- That the time in which such liens could be filed has expired; and
- That for any years in which the grantee is subject to the audit requirements of the Single Audit Act, 31 U.S.C. § 7501 et seq., as amended, the grantee has or will perform an audit in compliance with said requirements.

7. Please mark one:

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

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

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

Michael Mirra, Executive Director

Signature of Executive Director (or Authorized Designee):

*M. Mirra*

Date:

6.27.17

For HUD Use Only

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

Approved for Audit (Director, Office of Public Housing)

X *Howard J. Stewart*

Date:

07-03-2017

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

Approved: (Director, Office of Public Housing)

X

Date:

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

**Actual Modernization  
Cost Certificate**

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

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

**Capital Fund Program (CFP)**

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PHA Name: HOUSING AUTHORITY OF THE CITY OF TACOMA	Modernization Project Number: WA19R00550214
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The PHA hereby certifies to the Department of Housing and Urban Development as follows:

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

A. Funds Approved	\$ 873,158.00
B. Funds Disbursed	\$ 873,158.00
C. Funds Expended (Actual Modernization Cost)	\$ 873,158.00
D. Amount to be Recaptured (A-C)	\$
E. Excess of Funds Disbursed (B-C)	\$

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

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

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

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

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

7. Please mark one:

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

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

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

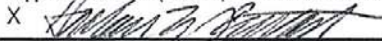
Michael Mirra, Executive Director

Signature of Executive Director (or Authorized Designee): 	Date: 6.27.17
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For HUD Use Only

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

Approved for Audit (Director, Office of Public Housing)

X 

Date:  
0703.2017

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

Approved: (Director, Office of Public Housing)

X

Date:

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



**Actual Modernization  
Cost Certificate**

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

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

**Capital Fund Program (CFP)**

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Do not send this form to the above address.

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PHA Name: HOUSING AUTHORITY OF THE CITY OF TACOMA	Modernization Project Number: WA19P00550115
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The PHA hereby certifies to the Department of Housing and Urban Development as follows:

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

A. Funds Approved	\$ 1,846,052.00
B. Funds Disbursed	\$ 1,846,052.00
C. Funds Expended (Actual Modernization Cost)	\$ 1,846,052.00
D. Amount to be Recaptured (A-C)	\$
E. Excess of Funds Disbursed (B-C)	\$

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

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

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

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

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

7. Please mark one:

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

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

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

Michael Mirra, Executive Director

Signature of Executive Director (or Authorized Designee):

*M. Mirra*

Date:

6.27.17

For HUD Use Only

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

Approved for Audit (Director, Office of Public Housing)

X *[Signature]*

Date:

07-07-2017

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

Approved: (Director, Office of Public Housing)

X

Date:

**Actual Modernization  
Cost Certificate**

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

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

**Capital Fund Program (CFP)**

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PHA Name: HOUSING AUTHORITY OF THE CITY OF TACOMA	Modernization Project Number: WA19R00550215
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The PHA hereby certifies to the Department of Housing and Urban Development as follows:

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

A. Funds Approved	\$ 804,820.00
B. Funds Disbursed	\$ 804,820.00
C. Funds Expended (Actual Modernization Cost)	\$ 804,820.00
D. Amount to be Recaptured (A-C)	\$
E. Excess of Funds Disbursed (B-C)	\$

2. That all modernization work in connection with the Modernization Grant has been completed;
3. That the entire Actual Modernization Cost or liabilities therefor incurred by the PHA have been fully paid;
4. That there are no undischarged mechanics', laborers', contractors', or material-men's liens against such modernization work on file in any public office where the same should be filed in order to be valid against such modernization work;
5. That the time in which such liens could be filed has expired; and
6. That for any years in which the grantee is subject to the audit requirements of the Single Audit Act, 31 U.S.C. § 7501 et seq., as amended, the grantee has or will perform an audit in compliance with said requirements.
7. Please mark one:

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

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

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

Michael Mirra, Executive Director	Date:
<i>M. Mirra</i>	6.27.17

For HUD Use Only

The Cost Certificate is approved for audit (if box 7A is marked):	Date:
Approved for Audit (Director, Office of Public Housing) X <i>[Signature]</i>	07-03-2017

The costs shown above agree with HUD verified costs (if box 7A or 7B is marked):	Date:
Approved: (Director, Office of Public Housing) X	

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

## ABOUT THE STATE AUDITOR'S OFFICE

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

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

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

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

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

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

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

<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>