



Washington State Auditor's Office

Independence • Respect • Integrity

Financial Statements and Federal Single Audit Report

Pierce County Housing Authority

For the period January 1, 2014 through December 31, 2014

Published August 24, 2015

Report No. 1014883





Washington State Auditor's Office

August 24, 2015

Board of Commissioners
Pierce County Housing Authority
Tacoma, Washington

Report on Financial Statements and Federal Single Audit

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

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

Sincerely,

JAN M. JUTTE, CPA, CGFM
ACTING STATE AUDITOR
OLYMPIA, WA

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FEDERAL SUMMARY

Pierce County Housing Authority January 1, 2014 through December 31, 2014

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

Financial Statements

An unmodified opinion was issued on the basic financial statements.

Internal Control Over Financial Reporting:

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

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

Federal Awards

Internal Control Over Major Programs:

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

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

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

Identification of Major Programs:

The following was a major program during the period under audit:

<u>CFDA No.</u>	<u>Program Title</u>
14.871	Housing Voucher Cluster - Section 8 Housing Choice Vouchers

The dollar threshold used to distinguish between Type A and Type B programs, as prescribed by OMB Circular A-133, was \$559,205.

The Housing Authority qualified as a low-risk auditee under OMB Circular A-133.

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

Pierce County Housing Authority **January 1, 2014 through December 31, 2014**

Board of Commissioners
Pierce County Housing Authority
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 Pierce County Housing Authority, Washington, as of and for the year ended December 31, 2014, 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 August 6, 2015.

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 opinion 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.



JAN M. JUTTE, CPA, CGFM
ACTING STATE AUDITOR
OLYMPIA, WA

August 6, 2015

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB
CIRCULAR A-133**

**Pierce County Housing Authority
January 1, 2014 through December 31, 2014**

Board of Commissioners
Pierce County Housing Authority
Tacoma, Washington

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

We have audited the compliance of the Pierce County Housing Authority, Washington, with the types of compliance requirements described in the U.S. *Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2014. The Housing Authority's major federal programs are identified in the accompanying Federal Summary.

Management's Responsibility

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

Auditor's Responsibility

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

compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the Housing Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2014.

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

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

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

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

deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

PURPOSE OF THIS REPORT

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



JAN M. JUTTE, CPA, CGFM
ACTING STATE AUDITOR
OLYMPIA, WA

August 6, 2015

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

Pierce County Housing Authority January 1, 2014 through December 31, 2014

Board of Commissioners
Pierce County Housing Authority
Tacoma, Washington

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the Pierce County Housing Authority, Washington, as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the Housing Authority's basic financial statements as listed on page 14.

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 an opinion on these financial statements based on our audit. 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.

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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Pierce County Housing Authority, as of December 31, 2014, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 15 through 20 and information on postemployment benefits other than pensions on page 45 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 an opinion on the financial statements that collectively comprise the Housing Authority's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as

required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. The accompanying Financial Data Schedule and HUD form are supplementary information required by HUD. These schedules are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated August 6, 2015 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.



JAN M. JUTTE, CPA, CGFM
ACTING STATE AUDITOR
OLYMPIA, WA

August 6, 2015

FINANCIAL SECTION

Pierce County Housing Authority January 1, 2014 through December 31, 2014

REQUIRED SUPPLEMENTARY INFORMATION

Management's Discussion and Analysis – 2014

BASIC FINANCIAL STATEMENTS

Statement of Net Position – 2014

Statement of Revenues, Expenses and Changes in Net Position – 2014

Statement of Cash Flows – 2014

Notes to Financial Statements – 2014

REQUIRED SUPPLEMENTARY INFORMATION

Information on Postemployment Benefits Other Than Pensions – 2014

SUPPLEMENTARY AND OTHER INFORMATION

Schedule of Expenditures of Federal Awards – 2014

Notes to the Schedule of Expenditures of Federal Awards – 2014

Financial Data Schedule – 2014

Actual Modernization Cost Certificate – WA19P054501-14

MANAGEMENT'S DISCUSSION AND ANALYSIS

The management of Pierce County Housing Authority (Authority) administers a broad range of housing based programs within Pierce County, financed by local and federal sources. The Authority owns and operates 816 dwelling units and provides housing assistance subsidies and self-sufficiency services to another 2,800 households. Our discussion and analysis of the Authority's financial performance provides an overview of the financial activities for the fiscal year ended December 31, 2014. Please read it in conjunction with the Authority's financial statements.

FINANCIAL HIGHLIGHTS

- During 2014, the Authority used \$1.6 million of its operating reserve to pay housing assistance subsidies on behalf of Housing Choice Voucher (HCV) program clients.
- The Authority contributed approximately \$223,000 to cover the Housing and Urban Development (HUD) administrative fee shortfall resulting from funding reductions in the HCV program.
- The Authority used approximately \$1,051,170 from its replacement reserve to fund capital projects at the apartment communities in the Affordable Housing program.
- The Authority generated revenues in excess of requirements under a trust indenture for its Housing Revenue Bonds resulting in the requirement for a special redemption of bonds in the amounts of \$360,000.
- The Authority recorded a gain on the sale of a single family home in the LIPH program and recorded capital improvement projects together with the associated reduction to buildings and accumulated depreciation, combining to a net loss on disposition of assets in the amount of \$205,000.
- Operating expenses in the (LIPH) program exceeded operating revenues by approximately \$566,000.

The Authority is a highly leveraged operation, as is common in the residential real estate business. Because its rents are set at rates to provide affordable housing to low-income households, net income from operating the Affordable Housing programs is expected to be very minor. The operation of the Assisted Housing Programs is designed to operate on a break-even basis with a small administrative fee allowed for managing the program for federal agencies; however reductions in operating subsidies have required the Authority to use its reserves in order to continue operating the programs in line with its mission.

During 2014, HUD implemented cash management protocols that would reduce funding provided to housing authorities in possession of excess reserves, to amounts less than what was being used in the current period. The implementation transitioned \$1.6 million of the Authority's net position back to HUD in the form of program reserves to be held at the US Treasury. This transition represents most of the reductions identified in the key financial measures in the chart below.

	Key Financial Measures	
	2014	2013
Working Capital	5,984,456	8,913,472
Working Capital Ratio	345.26%	663.98%
Long-term Liabilities to Net Position	82.64%	79.42%
Return on Assets	-4.82%	0.07%
Return on Net Position	-9.37%	0.14%
Cash Flow before Debt Service	758,267	2,630,599
Debt Service	1,940,283	1,222,619
Debt Service Coverage	39%	215%

Working capital measures the Authority's available financial resources to meet its short-term obligations. Working capital and the working capital ratio was reduced during 2014 primarily as the result of the implementation of cash management in the HCV program, but it was also reduced through use of restricted cash to fund capital improvement projects at the apartment communities in the Authority's Affordable Housing program and the use of unrestricted cash to fund shortfalls in operating subsidies in the LIPH program. The Authority has sufficient resources to pay its current obligations.

The measure of debt service coverage from operations is important to the Authority's long-term creditors because it provides a broad measure of the Authority's ability to generate sufficient cash flow to fund its annual debt service requirements. This measure decreased from 2013 to 2014 primarily as a result of the cash management changes as previously described, but was also impacted by increases to the debt repayment obligations of the Authority's Housing Revenue Bonds. The debt service coverage measure is an aggregate of the Authority as a whole, and is not based on the contractual method of calculating debt service coverage based on the operating results of specific properties.

Introduction to the Financial Statements

The Authority operates the following two major business type programs that are included in these financial statements.

Assisted Housing Programs

This major program is used to account for the various HUD and other federal housing programs administered by the Authority which is comprised of the Housing Choice Voucher, Moderate Rehabilitation, Family Self Sufficiency, Low-Income Public Housing and Rural Development programs.

Affordable Housing Programs

This major program is used to account for apartment building operations that are financed and operated in a manner similar to private business enterprise. The intent of the Authority is that the costs (expenses, including depreciation) of providing services to the general public on a continuing basis be financed or recovered primarily through rental revenues. Revenues and expenses related to financing or investing activities are treated as non-operating revenues and expenses in the Statement of Revenues, Expenses and Changes in Net Position. This major program also accounts for the sale and financing of single-family residences under its Homeownership program.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position, the Statement of Revenues, Expenses and Changes in Net Position and the Statement of Cash Flows found after Management's Discussion and Analysis, provide information about the activities of the Authority as a whole and present a longer-term view of the Authority's finances.

Reporting the Authority as a Whole

The Statement of Net Position, the Statement of Revenues, Expenses and Changes in Net Position and the Statement of Cash Flows report information about the Authority as a whole and about its activities in a way that helps communicate the financial condition of the Authority. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These statements report the Authority's net position, and changes in them, as well as how cash was generated and used during the year. The Authority's net position is the difference between assets and liabilities. It is one way to measure the Authority's financial position. Over time, increases or decreases in the Authority's net position are one indicator of whether its financial condition is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the Authority's funding structures and the condition of the Authority's housing stock, to assess the overall financial health of the Authority.

THE AUTHORITY AS A WHOLE

The Authority's net position decreased by approximately \$1.9 million during 2014. Implementation of HUD's cash management protocol to transition operating reserves back to the US Treasury resulted in a net position reduction of \$1.6 million in the HCV program. Building disposals of \$235,000, losses in the LIPH program of \$396,000, offset by gains in the Affordable Housing apartments programs of about \$370,000 make up substantially all of the change. In comparison, the Authority's net position increased by \$30,000 in 2013.

The following analysis focuses on the changes in assets, liabilities and net position of the Authority's operations.

	ASSETS AND NET POSITION		Percentage
	2014	2013	Change
Current and Other Assets	\$ 11,866,969	\$ 13,982,548	-15.13%
Capital Assets, Net	27,170,180	26,914,762	0.95%
Total Assets	39,037,149	40,897,310	-4.55%
Debt Refunding	87,575	97,584	-10.26%
Total Deferred Outflows of Resources	87,575	97,584	-10.26%
Non Current Liabilities	16,598,788	17,447,337	-4.86%
Current Liabilities	2,440,035	1,580,449	54.39%
Total Liabilities	19,038,823	19,027,786	0.06%
Net Position:			
Invested in Capital Assets, Net of Debt	10,179,907	9,795,188	3.93%
Restricted	7,485,164	9,367,927	-20.10%
Unrestricted	2,420,830	2,803,993	-13.66%
Total Net Position	\$ 20,085,901	\$ 21,967,108	-8.56%

The increase in capital assets is caused by several offsetting factors. Capital additions paid from operating cash flow and replacement reserves increased the investment in capital assets while net asset disposals and depreciation that exceeded the normal principal payments on the related capital debt reduced this category.

The decrease in restricted net position was the result of a few offsetting factors. The cash management transition of \$1.6 million from the HCV operating reserves back to the US Treasury and payments for capital projects from replacement reserves in the amount of \$1,051,070 reduced restricted net position; while interest revenue and required contributions to the replacement reserve of approximately \$420,000, a \$48,000 transfer from an unrestricted operating reserve to a restricted replacement reserve for the Rural Development program and a \$291,000 increase in restricted cash balances held by the trustee for the Housing Revenue Bonds increased the restricted net position balance.

Unrestricted net position represents the portion of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements. The Authority's expenditures in excess of revenues in the LIPH program of about \$396,000 is the primary cause of the decrease in unrestricted net position.

The Authority's total operating revenues reflected in the following chart decreased about 7.88% or \$2.2 million from 2013 to 2014. A decrease in HUD contributions for the HCV program of \$1.9 million to facilitate the cash management transition, a \$430,000 decrease in other income generated from outside entity housing vouchers used in the Authority's jurisdiction offset by a \$30,000 increase in LIPH subsidies and a \$100,000 increase in rent income comprise most of the change in 2014.

Operating costs in the Affordable Housing and Assisted Housing programs decreased as a result of a reduction in utilization in the HCV program but was offset by increases in staffing to fill positions that had been left vacant following sequestration, costs incurred during the exploration of debt refinancing and normal increases in costs for materials, utilities and payroll. Overall, operating expenses decreased by about \$300,000 or 1.09% from the prior year.

The net effect of these revenue and expense changes decreased net operating income in 2014 by approximately \$288,000 from the prior year. The combination of all of these factors resulted in the current year decrease in net position of about \$1.9 million compared to the 2013 increase in net position of \$30,000.

	CHANGES IN NET POSITION		Percentage
	2014	2013	Change
Rent and Other Tenant Revenues	\$ 6,026,730	\$ 5,961,573	1.09%
Annual Contributions (HUD)	18,612,195	20,506,964	-9.24%
Other Revenues	1,453,759	1,855,436	-21.65%
Total Operating Revenues	26,092,684	28,323,973	-7.88%
Insurance Proceeds (Settlements)	9,747	(13,232)	173.66%
Interest Revenue	425,739	479,004	-11.12%
Total Non-Operating Revenue	435,486	465,772	-6.50%
Apartment Operations and Administra	4,598,037	4,078,215	12.75%
Assisted Housing Operations and Adr	22,574,428	23,394,394	-3.50%
Total Operating Expenses	27,172,465	27,472,609	-1.09%
Loss on Disposition of Assets	204,856	301,599	-32.08%
Amortization of Bond Discounts	42,406	42,406	0.00%
Interest Expense	1,017,617	1,056,784	-3.71%
Total Non-Operating Expense (Income)	1,264,879	1,400,789	-9.70%
Increase (Decrease) in Net Assets Before Capital Grant Contributions	(1,909,174)	(83,653)	2182.25%
Capital Grant Contributions	27,967	114,012	-75.47%
Increase (Decrease) in Net Position	(1,881,207)	30,359	-6296.54%
Ending Net Position	\$ 20,085,901	\$ 21,967,108	-8.56%
Net operating income-Apartments	\$ 1,097,668	1,518,168	-27.70%
Net operating income-Assisted Housing	\$ (2,177,449)	(666,802)	226.55%

Budgetary Highlights

The Authority's executive staff developed its 2014 budget in December 2013. Informal budget revisions were completed during the year in response to operational changes made to adjust for HUD funding shortfalls in the HCV program.

Overall, the Authority's revenues were \$2.2 million less than expected, and expenses were approximately \$760,000 less than budgeted. Revenues for the Assisted Housing programs were approximately \$2.2 million less than projected and operating expenses were about \$600,000 less than budgeted. The Affordable Housing programs spent \$171,000 less than budgeted. The main factors making up substantially all of the variance are as follows:

- Housing assistance and related fee subsidies were about \$2.2 million less than expected mainly as a result of HUD renewal funding offsets caused by the implementation of cash management protocols.
- Utilization targets in the housing choice voucher program were not realized, resulting in a \$660,000 reduction in housing assistance payments made to landlords.
- Expected costs associated with debt refinancing that was not completed in 2014 were unrealized.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2014, the Authority had \$24.8 million invested in its portfolio of housing stock and \$1.5 million invested in assets used in administration and program support. This amount represents a net increase (including additions, sales, disposals and depreciation) of \$255,000 from last year.

The increase to capital assets is due to major maintenance and building additions (and related disposals). This year's major additions include major capital improvement projects as well as costs incurred for interior modernization activities; however those additions are partially offset by reductions from normal recurring depreciation.

The Authority maintains capital replacement reserves under a bond indenture, under a loan agreement requirement and under a HUD disposition agreement. As of December 31, 2014, the Authority has approximately \$5 million in reserves held specifically for capital replacements on the pooled housing refunding bonds and a Rural Development project. The Authority's fiscal-year 2015 capital budget calls for it to spend approximately \$3 million for capital projects involving the pooled housing bond properties, Low Income Public Housing program and the Rural Development project. These capital improvements will be funded from existing reserves and additionally will require the use of operating cash flow. For additional information refer to Note 1.D.6. in the notes to the financial statements.

Debt Administration

At year-end, the Authority had \$17.4 million in bonds and loans outstanding versus \$17.6 million last year, a decrease of 1.14%. Reductions were a result of normal, recurring principal payments and a special redemption of the 1998 Series Pooled Housing Refunding Revenue bonds.

The Authority exceeded its obligations set forth under bond covenants to maintain pre-determined debt service coverage ratios. Additional information regarding long-term debt and related bond covenants is provided in Note 4 of the Authority's notes to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Authority's appointed commissioners and management considered many factors when setting the preliminary fiscal year 2015 budget. On-going impact of the reduced administrative fee funding has motivated the Authority's management to mirror most operating activities of 2014 in the 2015 budget, adding in factors for inflation, statutory increases and increased housing subsidy utilization. Additionally, the Authority's preliminary budget assumes certain vacated apartments previously off-line for capital improvement projects will receive occupancy certificates and begin producing revenues midway through the year.

The investment in capital assets, net of related debt is expected to increase as a result of capital improvements that are expected to be completed in 2015. The restricted net position balance will be reduced primarily by expenditures for capital improvements that will be funded by reserve amounts restricted for that purpose. The Authority expects its unrestricted net position to decrease by at least \$500,000 by the close of 2015. In order to meet the budget targets, the occupancy targets will need to be met, productivity in managing the assisted housing programs will need to be achieved and expense controls will need to be rigorously enforced.

Contacting the Authority's Financial Management

This financial report is designed to provide our citizens, renters, housing assistance customers, and creditors with a general overview of the Authority's finances and to show the Authority's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Authority's finance department, at Pierce County Housing Authority, 603 South Polk Street, PO Box 45410, Tacoma, WA 98448-5410.

PIERCE COUNTY HOUSING AUTHORITY
STATEMENT OF NET POSITION
AS OF DECEMBER 31, 2014

ASSETS

Current Assets

Cash, Cash Equivalents and Investments	2,346,766
Restricted Cash, Cash Equivalents and Investments	5,807,846
Accounts Receivable/prepays (net)	243,081
Notes Receivable	18,262
Inventory	8,536
TOTAL CURRENT ASSETS	8,424,491

Non Current Assets

Restricted Cash, Cash Equivalents, and Investments	2,350,005
Cash and Investments	-
Notes Receivable	1,092,473
Financing Gains and Costs (net)	-
Capital Assets:	
Land	5,315,117
Construction in Progress	1,336,288
Buildings	34,530,980
Intangible Assets	89,224
Equipment and Flooring	3,281,962
Less accumulated depreciation	(17,383,391)
TOTAL NON CURRENT ASSETS	30,612,658

TOTAL ASSETS	39,037,149
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Deferred Outflows of Resources

Debt Refunding	87,575
TOTAL DEFERRED OUTFLOWS OF RESOURCES	87,575

LIABILITIES

Accounts Payable	640,356
Accrued Interest Payable	79,257
Tenant Deposits and Prepaid Rent	250,531
Other Accrued Liabilities	213,790
Accrued Payroll & Compensated Absences	187,510
Due to Other Funds	-
Prepaid HUD Contributions	4,620
Grant Advances	141,305
Current portion of long term liabilities	922,666
TOTAL CURRENT LIABILITIES	2,440,035

Non Current Liabilities

Bonds and Loans Payable (net)	16,155,182
Compensated Absences, Other Non-Current Liabilities and Grant Advances	443,606
TOTAL LIABILITIES	19,038,823

NET POSITION

Invested (deficit) in Capital Assets	10,179,907
Restricted	7,485,164
Unrestricted	2,420,830
TOTAL NET POSITION	20,085,901

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

**PIERCE COUNTY HOUSING AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2014**

OPERATING REVENUES

Dwelling Rent	5,795,885
Tenant Charges	188,462
Laundry	13,503
Utilities	28,880
Other Income	1,245,742
Other Operating Grants	208,017
Annual Contributions (HUD) & Operating Grants	18,612,195
TOTAL OPERATING REVENUES	26,092,684

OPERATING EXPENSES

Administration	1,989,874
Tenant Services	8,667
Utilities	953,868
Maintenance Costs	1,732,050
On Site Salaries and Benefits	425,172
General Operational Costs	956,693
Other	299,740
Independent Audit Costs	89,206
Housing Assistance Payments	19,314,633
Depreciation	1,402,562
TOTAL OPERATING EXPENSES	27,172,465

OPERATING INCOME

(1,079,781)

NONOPERATING REVENUES (EXPENSES)

Gain (Loss) on Disposition of Assets	(204,856)
Insurance Settlements	9,747
Investment Revenue	425,739
Amortization of Bond Discounts and Refunding Outflows	(42,406)
Interest Expense	(1,017,617)
Total Nonoperating Revenue (Expenses)	(829,393)
INCOME (LOSS) BEFORE CONTRIBUTIONS	(1,909,174)

Capital Contributions 27,967

CHANGE IN NET POSITION

(1,881,207)

BEGINNING NET POSITION AS PREVIOUSLY REPORTED

21,967,108

TOTAL NET POSITION ENDING

20,085,901

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

**PIERCE COUNTY HOUSING AUTHORITY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2014**

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 7,435,423
Payments to suppliers, employees and landlords	(25,821,078)
Receipts from governments	18,628,502
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>242,847</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Proceeds from insurance claim settlements	9,747
Proceeds from sale of capital assets	125,861
Capital contributions	27,967
Purchases of capital assets	(1,810,864)
Principal paid on capital debt	(139,310)
Interest paid on capital debt	(1,018,865)
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(2,805,464)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from sales and maturities of investments	319,846
Proceeds from Payments on Notes Receivable	30,465
Interest and dividends	425,739
NET CASH USED BY INVESTING ACTIVITIES	<u>776,050</u>
Net increase in cash and cash equivalents	(1,786,567)
Balances - beginning of the year	4,448,849
Balances - end of the year	2,662,282
Investments	7,842,335
Total Cash, Cash Equivalents and Investments	<u><u>\$ 10,504,617</u></u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
Operating income	\$ (1,079,781)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	1,402,562
Amortization expense	
Changes in assets and liabilities:	
Receivables, net	(50,200)
Inventories	4,656
Accounts Payable	41,818
Accrued Expenses	(101,173)
Tenant Deposits and Prepaid Rent	21,441
Accrued Payroll and Compensated absences	16,632
Advance Payment of Grants	(60,700)
Non Current Liabilities	47,592
NET CASH PROVIDED BY OPERATING ACITVITIES	<u><u>\$ 242,847</u></u>
RECONCILIATION OF TOTAL CASH, CASH EQUIVALENTS AND INVESTMENTS TO THE STATEMENT OF NET POSITION	
Categories Reflected in the Statement of Net Assets	
Current:	
Cash, Cash Equivalents and Investments	2,346,766
Restricted Cash and Cash Equivalents	5,807,846
Non Current:	
Restricted Cash Equivalents and Investments	2,350,005
Total Cash, Cash Equivalents and Investments in Cash Flow Statement	<u><u>\$ 10,504,617</u></u>
Noncash investing, capital and financing activities:	
Disposition of assets related to capital projects, net of accumulated depreciation	\$ 204,856
Acquisition of Capital Assets included in Accounts Payable, net	184,737

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

PIERCE COUNTY HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDING DECEMBER 31, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Pierce County Housing Authority (the Authority) was organized pursuant to the laws of the State of Washington. These financial statements have been prepared in conformity with generally accepted accounting principles as applied to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The Housing Authority's significant accounting policies are described in the following notes.

A. Reporting Entity

The purpose of the Authority is to provide safe, decent, sanitary and affordable housing to low income families in Pierce County, Washington, and to operate the housing programs in accordance with federal legislation administered through the U.S. Department of Housing and Urban Development (HUD) under provisions of the National Housing Act of 1937. The Authority was created in 1978 by an act of Pierce County, Washington.

The governing body of the Authority is its Board of Commissioners, which is comprised of six members, five of whom are appointed by the Pierce County Executive and ratified by the County Council and one, which is appointed by the Authority Board of Commissioners. The Board appoints an Executive Director to administer the affairs of the Authority. The authority is not considered a component unit of Pierce County, as the Board of Commissioners independently oversees the Authority's operations and Pierce County is not financially accountable for the Authority. Financial accountability is defined as appointment of a majority of the entities board and either (a) the ability to impose the primary government's will, or (b) the Authority will provide a financial benefit to, or impose a financial burden on, the primary government.

On January 26, 2012, the Authority's Board of Commissioners adopted a resolution relating to the organization of a nonprofit corporation, Housing Successes, to support the Authority in its goals. On July 10, 2014 the IRS provided a final determination of the tax exempt status of Housing Successes. While considered a component unit of the Authority, there was no fiscal activity during the year.

During 2014, the Authority established three separate Limited Liability Companies: Chateau Rainier Apartments LLC, DeMark Apartments LLC and Lakewood Village Apartments LLC, for the purpose of debt refunding. The refunding did not occur in 2014 and the Authority did not transfer any assets or liabilities to these three separate legal entities. If in the future these entities become active, engage in operations and have reportable assets and liabilities, the Authority will consider whether to report these entities as component units.

The accompanying financial statements include all programs, and organizations for which the Board of Commissioners is financially accountable.

PCHA is the lead and fiscal agency for grants received for the Family Permanency Project (FPP). While PCHA has some administrative oversight and reporting responsibilities for the FPP award, a consortium of not-for-profit agencies, which operate in the Pierce County area, provide the services required under the FPP award. The Bill and Melinda Gates Foundation contributed an initial grant that was paid in advance to the Greater Tacoma Community Foundation, and Building Changes provides an annual contribution for the benefit of the FPP. The amount that is expected to be paid in 2015 is reflected as restricted cash and cash equivalents and the portion that is expected to be paid after 2015 is reflected as non-current cash, cash equivalents and investments, with an offsetting amount reflected in grant advances in the accompanying financial statements. The not-for-profit consortium providing the required services is not considered a joint venture with PCHA.

PIERCE COUNTY HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDING DECEMBER 31, 2014

B. Program Accounting

The accounts of the Authority are organized on the basis of programs, each of which is considered a separate accounting entity. The operations of each entity are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, net position, revenues and expenses as appropriate. Resources are allocated to and accounted for in individual programs based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The operations of the Authority combine the two following major programs that account for separate business-type activities. The Authority uses sub-accounts within these major programs to account for certain funding streams that require separate accounting by State law, HUD regulations or by bond covenants. The two major programs described below are combined into a single enterprise fund for reporting purposes.

Assisted Housing Programs

This major program is used to account for the various HUD and other housing assistance programs administered by the Authority such as Section 8, Low-Income Public Housing (LIPH) and Rural Development (RD) programs.

Programs Administered for Assisted Housing

Public Housing: This program accounts for low-rent public housing projects developed and operated by the Authority. HUD provided development grants to allow the Authority to purchase real estate for use in the program and provides operating subsidies and capital improvement grants for ongoing management of the projects. There are 126 single family homes being operated in this program.

Section 8 Housing Choice Voucher Programs: The Section 8 programs provide housing assistance payments for up to approximately 2,768 households who live in private and Authority owned housing. These programs were authorized by Section 8 of the National Housing Act and provide housing assistance payments to landlords and lenders to subsidize rental and mortgage payments for low-income persons.

Moderate Rehabilitation: The Section 8 Moderate Rehabilitation program allows for the subsidy of rent on rehabilitated, low-income housing units for a contracted period of time. Both for-profit and not-for-profit developers may provide low-income housing under this program. The program has HUD-established and controlled rents designed to reimburse owners with sufficient rental income to pay for rehabilitation costs. Developers must obtain their own financing and HUD subsidizes rents once the units are occupied. There is one multi-family housing project consisting of 16 apartment units in this program.

Rural Development: This program provides for special needs populations in rural areas. Rural Development provides both rent subsidies and interest rate subsidies for this specific project which serves 20 elderly or disabled low income households.

While dwelling rent is recognized as operating revenues, the major portion of operating revenues in the Assisted Housing Programs is the HUD Annual Contributions. These operating grants are reported as operating revenue in the statement of revenues, expenses and changes in net position. Revenues and expenses related to financing or investing activities are treated as non-operating revenues and expenses in the statement of revenues, expenses and changes in net position. Capital contributions are treated as non-operating revenue.

Affordable Housing Program

This major program is used to account for various business type activity programs administered by the Authority that do not have on-going federal subsidies to fund operations.

PIERCE COUNTY HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDING DECEMBER 31, 2014

Programs Administered for Affordable Housing

Apartments: The operation of 8 multi-family housing projects, consisting of 670 units that are financed and operated in a manner similar to private business enterprises are included in this group. Costs (expenses, including depreciation) of providing services to the general public, on a continuing basis, are recovered primarily through rental revenues. Revenues and expenses related to financing or investing activities are treated as non-operating revenues and expenses in the statement of revenues, expenses and changes in net position. However, all revenues, whether operating or non-operating, are used as security for the revenue bonds issued to purchase the apartments. As such, all revenues as defined by the revenue bond indenture are pledged to the housing revenue bond payments until the bonds are defeased.

Ready To Rent: Financial resources for this program were provided through a grant funded by a private source. This program was intended to prevent homelessness by educating renters to successfully navigate the rental and tenancy processes and to maintain their housing through the exercise of good tenancy skills. Funds provided a portion of the education, supplies and administrative costs to operate the program. Approximately 96 individuals participated in this program before it ended in June 2014.

5H Homeownership: This program accounts for the sale of public housing program homes to current residents. Homes sold under this program are transferred from the Assisted Housing Program to the Homeownership program sub-account within the Affordable Housing program at its net book value. The proceeds of the sales are a combination of cash, for privately financed first mortgages, and second mortgage notes receivable. The Authority holds a "silent second" mortgage that bears no interest. These mortgages are due upon sale of the property or at such time as the family can afford to pay at least \$50 per month in debt service as determined under program guidelines. Since the timing of repayment of these notes is uncertain, the investment in the related notes receivable have not been discounted. As such, these notes are stated at their face value in the accompanying statement of net position. There were 20 households served in this program during 2014.

C. Measurement Focus and Basis of Accounting

Basis of Accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. All of the Authority's programs are considered business-type activities, which use the economic resources measurement focus and the accrual basis of accounting. Under this basis of accounting, revenues are recognized when they are earned and expenses recognized when incurred. Substantially all transactions in the Affordable Housing Program are considered to be exchange type transactions. Annual HUD Contributions reflected in the Assisted Housing Program are considered to be voluntary non-exchange transactions. Revenues for such transactions are recorded when eligible payments have been earned.

The Authority presents a classified statement of net position, which distinguishes between short-term and long-term assets and liabilities. The criterion used to determine whether an asset or liability is long or short-term is one year. This means that assets that are expected to convert to cash or will benefit the ensuing year's operations are treated as current assets. Likewise, liabilities that will likely be settled within the ensuing year are treated as current liabilities. For example, cash and cash equivalents held by the trustee that will be used to pay the next scheduled debt service payment are classified as Restricted Cash and Cash Equivalents in current assets while cash equivalents and investments held by the trustee that are held as reserves that can be used only under unlikely circumstances are treated as Restricted Cash Equivalents and Investments under non-current assets. Certain liabilities, such as Unclaimed Property and Compensated Absences, are classified into current and long-term portions based upon estimates of the amounts that will be settled during the ensuing year.

**PIERCE COUNTY HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDING DECEMBER 31, 2014**

D. Specific Assets, Liabilities and Revenue Recognition Policies

1. Cash, Cash Equivalents and Investments

The Authority's cash and cash equivalents are considered to be cash on hand, demand deposits, balances held by the bond trustee and short term investments with original maturities of three months or less from the date of acquisition. Investments are reported at fair value. Investment Contracts held by the bond trustee are not considered marketable securities and, therefore, are recorded at cost.

2. Accounts Receivable

The Allowance Method for uncollectable accounts receivable (tenant rental and tenant charges) is utilized. All rents and other charges due from vacated tenants, tenants pending eviction or residency termination and all rents and other charges due from active tenants that are in excess of 60 days past due are deemed to be uncollectable. These amounts reduce the amount of accounts receivable and increase General Operational Costs reflected in these financial statements.

3. Restricted Cash Equivalents and Investments

These accounts contain resources restricted by external parties for debt service, housing assistance payments, family self-sufficiency escrow, and replacement reserves in the various funds. Specific debt service reserve requirements are described in Note 4. The bond trustee holds \$7,358,450 in an investment agreement in bond reserve funds that yield a fixed rate of return for the life of the bonds. This investment agreement from one financial institution yields an interest rate of 5.31%. The trustee has valued this agreement at cost, as it is not considered marketable. Cash held for the operation of the assisted housing programs are not considered restricted, as they are available for operating expenses of those and other designated Authority programs. Funds held in FSS escrow accounts in the amount of \$219,220, and \$126,713 restricted for modernization and development activities for the Low-Income Public Housing and Rural Development programs. Cash and investments of \$282,692, held for the Family Permanency Project is considered restricted, as it is restricted for operating expenses of that program. Tenant damage deposits held in trust accounts of \$170,776 are considered restricted for return to the tenant or until they are applied to amounts owed by the tenant.

4. Due From and Due to other programs

During the course of the Authority's operations, numerous transactions occur between programs and/or between specific apartment rental buildings to finance operations and provide services. Internal activity within a program and between programs is eliminated except for residual balances remaining at year-end in the preparation of these financial statements. These residual balances are eliminated in these entity-wide financial statements.

5. Notes Receivable

Notes held by the Authority under its Homeownership and Low-Income Public Housing Programs are stated at the face value of unpaid second mortgages and unpaid rental account debt. Because the ultimate timing of receipt of these funds is uncertain, no discounting of amounts to reflect the time value of money is reflected in these financial statements. Mortgage and rental account payments that are due in 2015 are classified as current assets. In keeping with HUD's Real Estate Assessment Center Financial Data Schedule reporting requirements, mortgage balances that may be past due are considered non-current.

**PIERCE COUNTY HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDING DECEMBER 31, 2014**

6. Capital Assets

All capital assets are valued at historical cost, which is comprised of acquisition, development and modernization costs of buildings, property improvements and equipment. Capital assets, except for land, are being depreciated on the straight-line method over estimated useful lives ranging from five to forty years. Buildings are depreciated over forty years, building improvements are depreciated over the remaining useful life of the particular building at the time of the improvement and intangible assets, equipment and floor covering are generally depreciated over five years.

Capital asset activity for the year ended December 31, 2014 is as follows:

	Beginning Balance	Additions	Disposals	Ending Balance
Nondepreciable Capital Assets:				
Land	\$ 5,334,117	\$ -	\$ 19,000	\$ 5,315,117
Construction in Progress	718,449	1,272,234	\$ 654,395	1,336,288
Total Nondepreciable Capital Assets:	6,052,566	1,272,234	673,395	6,651,405
Depreciable Capital Assets:				
Buildings	34,108,549	1,024,837	602,406	34,530,980
Intangible Assets	89,224	-	-	89,224
Equipment & Flooring	3,155,845	352,925	226,808	3,281,962
Total Depreciable Capital Assets:	37,353,618	1,377,762	829,214	37,902,166
Accumulated Depreciation				
Buildings	(14,098,325)	(1,121,194)	315,057	(14,904,462)
Equipment & Flooring	(2,393,097)	(281,368)	195,536	(2,478,929)
Total Accumulated Depreciation	(16,491,422)	(1,402,562)	510,593	(17,383,391)
Total Depreciable Capital Assets, Net:	20,862,196	(24,800)	318,621	20,518,775
Total Capital Assets, Net	<u>\$ 26,914,762</u>			<u>\$ 27,170,180</u>

The Authority's capitalization policies are as follows:

Costs for land or structures (buildings and improvements) are capitalized. Costs for equipment and furnishings, including tenant unit flooring, having a unit cost in excess of \$200 and a useful life of more than one year are capitalized. Costs for betterments and additions, which add to the value or life of existing capital assets, are capitalized.

The majority of the Authority's capital assets are apartment buildings acquired as operating units in connection with the issuance of Housing Revenue Bonds. In most cases, the acquisition price was allocated between land and buildings, with no allocation of the purchase price between major components of the building. In these cases, when major components of a building are replaced, the loss on disposition of capital assets is recorded as a reduction to buildings while the disposition for equipment or other internal apartment furnishings that were separately purchased are recorded as a reduction to equipment.

The Authority applies certain HUD guidelines regarding eligible capital costs to all of the Authority's programs. As a result, major maintenance items such as roof replacements and exterior painting are capitalized and are depreciated over the remaining life of the structure. Other expenses for non-major maintenance and repairs, which do not add to the value or life of capital assets, are charged to operating expenses as incurred.

**PIERCE COUNTY HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDING DECEMBER 31, 2014**

Additions to building, equipment and flooring are costs incurred under the HUD Capital Fund and Public Housing Programs, reconstruction costs at certain apartment buildings and other improvements and additions. A portion of the additions to equipment and flooring and some of the disposals in this category represent replacement of appliances and flooring in tenant units. The building disposals include the disposition of the declined value for building reconstruction and equipment replacement.

7. Compensated Absences

Vested and accumulated vacation and sick leave are reported as expenses and classified into current and long term portions in the applicable program.

8. Debt Refunding and Bond Discounts

Bond refunding and bond discounts are amortized over the period for which the related debt is outstanding. Debt refunding is reflected as Debt Refunding under Deferred Outflows of Resources and bond discounts are included in the long term portion of bonds and loans payable in the statement of net position.

9. Revenue Recognition

Tenant rent revenue is recognized on the first day of the month for which the rent is due. Rental payments received in advance of the month for which the payment is made is recorded as prepaid rent and is included in current liabilities. HUD contributions for continuing contracts and revenues from local and private grants are recognized as funding is earned. For non-recurring or new HUD contribution contracts, revenue is not recognized until the Authority receives a signed contract or notice of funding allocation.

10. Operating Revenues and Expenses

Operating revenues include fees and charges from providing services in connection with the ongoing operations of providing affordable and low-income housing. Operating revenues also include operating subsidies and grants provided by Housing and Urban Development (HUD). The use of this classification is based on guidance from HUD, the primary user of the financial statements. Operating expenses are those expenses that are directly incurred while in the operation of providing affordable and low-income housing. This presentation results in an operating income that is higher than a non-operating revenue presentation of HUD grants by the amount of the subsidies and grants. Overall it does not affect the presentation of the change in net position in the statement of revenues, expenses and changes in net position.

11. Inventory

Maintenance supplies maintained in the Authority's maintenance warehouse are valued at cost using the last-in, first-out method.

NOTE 2: LEGAL COMPLIANCE-BUDGETS

The Authority has no legal obligation to provide a comprehensive annual budget. For certain HUD and RD programs, the Authority is contractually required to prepare budgets. These budgets were prepared in accordance with applicable program requirements and were approved by the Board of Commissioners as required. When necessary, budget revisions were submitted to the oversight agency and approved.

**PIERCE COUNTY HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDING DECEMBER 31, 2014**

NOTE 3: DEPOSITS, CASH EQUIVALENTS AND INVESTMENTS

As required by State law, all deposits and investments of the Authority's programs are deposited with Washington State banks. The deposits are entirely covered by federal depository insurance (FDIC) or by collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission (PDPC). Certain balances are maintained in Negotiable Order of Withdrawal (NOW) accounts and are considered cash equivalents. The bond trustee holds funds an investment agreement with a commercial entity. This investment agreement is not subject to custodial credit risk. The agreement expires 11/30/2028 or when the related bonds are fully defeased. The S&P credit rating of the guarantor of the investment is AA+. The Authority has no policy for custodial credit risk separate from State law.

<u>Deposits and Investments</u>		
	<u>Carrying Amount</u>	<u>Bank Balance</u>
<u>Deposits</u>		
Bank Deposits and Cash on Hand	\$ 2,662,282	\$ 2,799,282
	<u>Carrying Amount</u>	<u>Market Value</u>
<u>Evidenced by Securities</u>		
US Treasury and Agencies	282,111	282,111
Investment Agreements and Cash Equivalents held by Bond Trustee	7,560,224	7,560,224
Total Cash Equivalents and Investments	7,842,335	
Total Cash, Cash Equivalents and Investments	\$ 10,504,617	

Approximately \$600 of the bank deposits listed above is held by the Greater Tacoma Community Foundation (GTCF) as agent for the Sound Families Grant. Substantially all of the remaining GTCF funds are invested in US Treasury Notes. These US Treasury Notes mature in increments of \$52,000 - \$68,000 per year, from 2015 to 2018.

NOTE 4: LONG TERM OBLIGATIONS

The Authority's long-term obligations consist of low-income housing revenue bonds, a Rural Development loan, a business activity loan incurred in connection with the purchase of three parcels used for administrative purposes, and a SHB 2060 forgivable loan obtained for a capital improvement project. In addition, the authority records long term liabilities for a portion of compensated absences, advance grant payments, unclaimed property, escrow accounts associated with the Section 8 and Low-Income Public Housing Family Self Sufficiency Program, and Other Post-Employment Benefits (OPEB).

**PIERCE COUNTY HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDING DECEMBER 31, 2014**

The change in the various classifications of the Authority's debt from 2013 to 2014 is shown on the following chart.

	Balance Outstanding December 31, 2013	Additions	Payments	Balance Outstanding December 31, 2014	Current Portion
Housing Revenue Bonds	\$ 16,275,000	\$ -	\$ (65,000)	\$ 16,210,000	\$ 830,000
SHB 2060	65,000	-	-	65,000	-
Rural Development Program Loans	550,817	-	(19,080)	531,737	18,915
Business Activity Loan	732,794	-	(74,547)	658,247	66,137
Capital Lease	20,694	-	(13,080)	7,614	7,614
Total Outstanding Debt at year End	\$ 17,644,305	\$ -	\$ (171,707)	\$ 17,472,598	
Less Bond Discounts	(427,147)			\$ (394,750)	
Less Current Portion of Long Term Debt	(165,835)			(922,666)	922,666
Total Long Term Debt Outstanding	<u>\$ 17,051,323</u>			<u>\$ 16,155,182</u>	

The Authority classifies certain liabilities between its current and long-term portions. Compensated absences, unclaimed property and FSS program funds were classified between their current and long-term portions. In addition, the Authority received an advance of a long-term Family Permanency Project (FPP) Grant.

Since the FPP grant will be used over several years, a portion is included in other long-term liabilities. The other long-term liabilities represent the estimate of the portion of certain liabilities expected to be liquidated after December 31, 2015. Tenants are allowed to pay for a bond to satisfy their security deposit requirements. These transactions are managed by a third party. The assets held by the third party and the related tenant deposit liabilities are not reflected in the Financial Statements.

The non-current liabilities other than bonds and the capital lease are listed in the following chart.

	December 31, 2013	Increase	Decrease	December 31, 2014	Current Portion
Family Self Sufficiency	\$ 208,432	\$ 10,788		\$ 219,220	\$ 60,387
Grant Advances	390,927		(108,235)	282,692	141,305
Compensated Absences	143,193	15,001		158,194	113,995
Unclaimed Property	45,120	2,466		47,586	42,049
OPEB	-	93,650		93,650	-
Chapter 9 Plan Repayment	46,210		(39,403)	6,807	6,807
Sub-Total	\$ 833,882	\$ 121,905	\$ (147,638)	\$ 808,149	
Less Current Portion	(464,873)			(364,543)	364,543
Total Other Non-Current Liabilities	<u>\$ 369,009</u>			<u>\$ 443,606</u>	

**PIERCE COUNTY HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDING DECEMBER 31, 2014**

Information regarding individual debt issues is as follows:

Issue	Purpose	Original Balance	Interest Rate Range (%)	Maturity Dates	Outstanding Balance 12/31/2014
Pooled Project A	Refunding for Several Apartment Communities	\$ 31,140,000	5.65%-5.9%	2015-2028	\$ 15,535,000
Pooled Project B	Refunding for Several Apartment Communities	3,030,000	6.0%	2014-2028	675,000
SHB 2060	Capital Project Montgrove Manor	65,000	0.0%	2041	65,000
Rural Development Loan	Purchase of Apartment Community	696,219	1.0%	2014-2030	531,737
Business Activities Loan	Administrative Building Parcels	1,000,000	4.75%-Variable (Prime + 1.5%)	2014-2018	658,247
Capital Lease	Electronic Tenant Records System	<u>39,224</u>	-	2014-2015	<u>7,614</u>
Total		<u>\$ 35,970,443</u>			<u>\$ 17,472,598</u>

Prior Years Defeasance

During 2011, the Authority retired \$466,583 of debt during the year simultaneous with a partial defeasance of the 1998 Series Pooled Housing Refunding Revenue Bonds in the amount of \$6,175,000 resulting from of the sale of the Eagles Lair, Evergreen Court, Lone Pine and Eagles Watch apartment projects.

During 2010, Housing Revenue Bonds in the amount of \$940,000 were defeased in connection with the sale of the Garden Court West apartments project.

During 2005, Housing Revenue Bonds in the amount of \$8,285,000 were defeased in connection with the sale of the Highland Park apartments project.

During 2003, Housing Revenue Bonds totaling \$30,685,000 were defeased in connection with the sale of the Park Meadows, Emerald Terrace, Park Village and Mallards Landing apartment projects. Also during 2003, the Authority exercised its option to fully prepay the amount of \$45,781 for the outstanding bond issued in 1992 for an administrative building.

During 2000, the Harbor Heights bonds totaling \$3,190,000 were defeased in connection with the sale of that property. Securities with a cost of approximately \$3,250,000 were placed in escrow to fund the advanced defeasance. The advance refunding met the requirements of an in-substance defeasance and the old bonds were removed from the Authority's financial statements. As of December 31, 2003 no bonds are outstanding.

On December 1, 1998 Pierce County Housing Authority issued Senior Revenue Bonds of \$31,140,000 and \$3,030,000 Subordinate bonds at par with an effective interest rate of 5.74%. These bonds were used to refinance existing short-term debt that was coming due and to defease other debt with higher interest rates and short term financing. Interest on the short-term debt ranged from 5.25% to 8%. The net proceeds were used to pay off debt, which was short-term, and or callable, or were placed in an irrevocable trust to defease the Bonds, which were not immediately available to be paid off. The US Government Securities purchased with the proceeds remained in trust until September 1, 2003, when the final bonds were called at par for the then outstanding bonds. The advance refunding met the requirements of an in-substance defeasance

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and the old bonds were removed from the Authority's financial statements. As of December 31, 2003 none of these bonds are outstanding.

Debt Service to Maturity

The balance of individual Housing Revenue Bonds and other Authority debt are as follows:

Issue	Rates	Principal Balance	Interest	Total Debt Service
Pooled Project A	5.64%-5.9%	\$ 15,535,000	\$ 7,740,580	\$ 23,275,580
Pooled Project B	6.0%	675,000	231,150	906,150
SHB 2060	0.0%	65,000	-	65,000
Rural Development Program Loan	1.0%	531,737	25,725	557,462
Administrative Building Loan	4.75%-Variable	658,247	86,674	744,921
Capital Lease	.0304 Lease Factor	7,614	-	7,614
Total		<u>\$ 17,472,598</u>	<u>\$ 8,084,129</u>	<u>\$ 25,556,727</u>

Due to the partial defeasance of the 1998 Series Pooled Housing Refunding Revenue Bonds in the amount of \$6,175,000 wherein the trustee selected which bonds were defeased, annual installments vary widely. Installments of principal and interest for the Pooled Project A Bonds range from \$396,000 in 2024 to \$2,180,000 in 2027. Installments for the Pooled Project B Bonds is \$360,000 for 2015, interest only at \$18,900 per year until June 2025 at which time sinking fund payments are required. Sinking fund requirements for the Pooled Project B Bonds range from \$45,000 to \$95,000 between 2025 and 2027.

Installments for the Rural Development Program Loan approximate \$27,000 per year and installments for the Administrative Building Loan are \$102,000 per year. The Administrative Building loan has a variable interest rate which adjusts annually at the Prime Rate plus 1.5%. There are no scheduled installments for the SHB 2060 loan which is will be forgiven at the end of a 30 year term provided commitments of the loan agreement to use the project for eligible purposes were fulfilled.

Bond discounts included in the long-term portion of bonds and loans payable at December 31, 2014 is \$394,750, net of accumulated amortization of \$818,307. Deferred amount on refunding captured in Deferred Outflows of Resources (net) in the statement of net position at December 31, 2014 is \$87,575, net of accumulated amortization of \$503,966.

Debt service requirements on the bond issues are paid from funds established pursuant to Board resolutions. Such bond funds are funded primarily from the net operating revenues of the respective housing projects on which the bonds are secured. These funds are used to accumulate sufficient amounts for debt service and are reflected as current restricted assets.

The bonds also have established debt service reserve funds that were funded from the original debt proceeds. These debt service reserve funds are reflected as non-current restricted assets. While these bonds are subject to IRS arbitrage rules, no arbitrage liability exists at December 31, 2014.

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The Authority's debt service requirements to maturity are as follows:

Authority Wide Debt Service to Maturity

Year	Pooled Project A Revenue Bonds		Pooled Project B Revenue Bonds		SHB 2060 Loan	
	Principal	Interest	Principal	Interest	Principal	Interest
2015	\$470,000.00	\$ 902,045	\$ 360,000	\$ 29,700	-	-
2016	\$1,045,000.00	860,941	-	18,900	-	-
2017	\$1,110,000.00	801,051	-	18,900	-	-
2018	\$1,175,000.00	737,348	-	18,900	-	-
2019	-	687,345	-	18,900	-	-
2020-2024	\$5,020,000.00	2,731,445	-	94,500	-	-
2025-2029	\$6,715,000.00	1,020,405	315,000	31,350	-	-
2030-2034	-	-	-	-	-	-
2034-2038	-	-	-	-	-	-
2039-2043	-	-	-	-	65,000	-
Total	\$ 15,535,000	\$ 7,740,580	\$ 675,000	\$ 231,150	\$ 65,000	\$ -

Year	Rural Development Loan		Administrative Building Loan		Capital Lease	
	Principal	Interest	Principal	Interest	Principal	Interest
2015	\$ 18,915	\$ 7,956	\$ 66,137	\$ 27,363	\$ 7,614	-
2016	20,258	6,614	75,504	26,496	-	-
2017	21,695	5,177	79,170	22,830	-	-
2018	23,235	3,637	437,436	9,985	-	-
2019	24,883	1,989	-	-	-	-
2020-2024	153,544	352	-	-	-	-
2025-2029	216,319	-	-	-	-	-
2030-2034	52,888	-	-	-	-	-
2034-2038	-	-	-	-	-	-
2039-2043	-	-	-	-	-	-
Total	\$ 531,737	\$ 25,725	\$ 658,247	\$ 86,674	\$ 7,614	\$ -

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NOTE 5: LEASES

Operating Leases

The Authority entered into a lease agreement for the maintenance of an electronic tenant records system. The total cost of the lease was \$19,740 for the year ended December 31, 2014. The future minimum lease payments for this lease are as follows:

	<u>Operating Lease</u>
Year	
2015	<u>11,515</u>
Total	<u>\$ 11,515</u>

Capital Leases

The Authority entered into a lease agreement in 2012 to finance an electronic tenant records system with a down payment of \$50,000. This lease agreement qualifies as a capital lease for accounting purposes, therefore, has been recorded at present value of the future minimum lease payment as of the inception date.

The intangible asset acquired through the capital lease is as follows:

Asset	
Electronic Tenant Records System	\$ 89,224
Less Accumulated Depreciation	(35,690)
Total	<u>\$ 53,534</u>

The future minimum lease obligation and the net present value of these minimum lease payments as of December 31, 2014 were as follows:

	<u>Capital Lease</u>
Year	
2015	<u>7,614</u>
Total Minimum and Present Value of Lease Payments	<u>\$ 7,614</u>

The minor amount of financing charges is reflected in the operating lease portion. As a result there is no interest portion of this capital lease.

NOTE 6: DEFINED BENEFIT PENSION PLAN

Substantially all Pierce County 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 retirement plans. The Department of Retirement Systems (DRS), a department within the primary government of the State of Washington, issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required

PIERCE COUNTY HOUSING AUTHORITY

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supplementary information for each plan. The DRS CAFR may be obtained by writing to: Department of Retirement Systems, Communications Unit, P.O. Box 48380, Olympia, WA 98504-8380; or it may be downloaded from the DRS website at www.drs.wa.gov.

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

A. Plan Description

The Legislature established PERS in 1947. Membership in the system includes: elected officials; state employees; employees of the Supreme, Appeals, and Superior courts; employees of legislative committees; employees of district and municipal courts; and employees of local governments. Membership also includes higher education employees not participating in higher education retirement programs. Approximately 49% of PERS salaries are accounted for by state employment. PERS retirement benefit provisions are established in Chapters 41.34 and 41.40 RCW and may be amended only by the State Legislature.

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

PERS members who joined the system by September 30, 1977 are Plan 1 members. Those who joined on or after October 1, 1977 and by either, February 28, 2002 for state and higher education employees, or August 31, 2002 for local government employees, are Plan 2 members unless they exercised an option to transfer their membership to Plan 3. PERS members joining the system on or after March 1, 2002 for state and higher education employees, or September 1, 2002 for local government employees have the irrevocable option of choosing membership in either PERS Plan 2 or Plan 3. The option must be exercised within 90 days of employment. Employees who fail to choose within 90 days default to Plan 3.

PERS is comprised of and reported as three separate plans for accounting purposes: Plan 1, Plan 2/3, and Plan 3. Plan 1 accounts for the defined benefits of Plan 1 members. Plan 2/3 accounts for the defined benefits of Plan 2 members, and the defined benefit portion of benefits for Plan 3 members. Plan 3 accounts for the defined contribution portion of benefits for Plan 3 members. Although members can only be a member of either Plan 2 or Plan 3, the defined benefit portions of Plan 2 and Plan 3 are accounted for in the same pension trust fund. All assets of this Plan 2/3 may legally be used to pay the defined benefits of any of the Plan 2 or Plan 3 members or beneficiaries, as defined by the terms of the plan. Therefore, Plan 2/3 is considered to be a single plan for accounting purposes.

PERS Plan 1 and Plan 2 retirement benefits are financed from a combination of investment earnings and employer and employee contributions. Employee contributions to the PERS Plan 1 and Plan 2 defined benefit plans accrue interest at a rate specified by the Director of DRS. During DRS' Fiscal Year 2013, the rate was five and one-half% compounded quarterly. Members in PERS Plan 1 and Plan 2 can elect to withdraw total employee contributions and interest thereon, in lieu of any retirement benefit, upon separation from PERS-covered employment.

PERS Plan 1 members are vested after the completion of five years of eligible service. PERS Plan 1 members are eligible for retirement from active status at any age with at least 30 years of service, at age 55 with 25 years of service, or at age 60 with at least 5 years of service. Plan 1 members retiring from inactive status prior to the age of 65 may receive actuarially reduced benefits.

The monthly benefit is 2% of the average final compensation (AFC) per year of service, but the benefit may not exceed 60% of the AFC. The AFC is the monthly average of the 24 consecutive highest-paid service credit months.

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PERS Plan 1 retirement benefits are actuarially reduced to reflect the choice, if made, of a survivor option.

Plan 1 members may elect to receive an optional COLA that provides an automatic annual adjustment based on the Consumer Price Index. The adjustment is capped at 3% annually. To offset the cost of this annual adjustment, the benefit is reduced.

PERS Plan 1 provides duty and non-duty disability benefits. Duty disability retirement benefits for disablement prior to the age of 60 consist of a temporary life annuity. The benefit amount is \$350 a month, or two-thirds of the monthly AFC, whichever is less. The benefit is reduced by any workers' compensation benefit and is payable as long as the member remains disabled or until the member attains the age of 60, at which time the benefit is converted to the member's service retirement amount.

A member with five years of covered employment is eligible for non-duty disability retirement. Prior to the age of 55, the benefit amount is 2% of the AFC for each year of service reduced by 2% for each year that the member's age is less than 55. The total benefit is limited to 60% of the AFC and is actuarially reduced to reflect the choice of a survivor option. Plan 1 members may elect to receive an optional COLA amount (based on the Consumer Price Index), capped at 3% annually. To offset the cost of this annual adjustment, the benefit is reduced.

PERS Plan 2 members are vested after the completion of five years of eligible service. Plan 2 members are eligible for normal retirement at the age of 65 with five years of service. The monthly benefit is 2% of the AFC per year of service. The AFC is the monthly average of the 60 consecutive highest-paid service months. There is no cap on years of service credit; and a cost-of-living allowance is granted (based on the Consumer Price Index), capped at 3% annually.

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

PERS Plan 2 members who have 30 or more years of service credit and are at least 55 years old can retire under one of two provisions, if hired prior to May 1, 2013:

- With a benefit that is reduced by 3% 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 members hired on or after May 1, 2013 have the option to retire early by accepting a reduction of 5% 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.

PERS Plan 2 retirement benefits are actuarially reduced to reflect the choice, if made, of a survivor option.

PERS Plan 3 has a dual benefit structure. Employer contributions finance a defined benefit component and member contributions finance a defined contribution component. As established by Chapter 41.34 RCW, employee contribution rates to the defined contribution component range from 5% to 15% of salaries, based on member choice. Members who do not choose a contribution rate default to a 5% rate. There are currently no requirements for employer contributions to the defined contribution component of PERS Plan 3.

PERS Plan 3 defined contribution retirement benefits are dependent upon the results of investment activities. Members may elect to self-direct the investment of their contributions. Any expenses incurred in conjunction with self-directed investments are paid by members. Absent a member's

PIERCE COUNTY HOUSING AUTHORITY

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self-direction, PERS Plan 3 contributions are invested in the Retirement Strategy Fund that assumes the member will retire at age 65.

For DRS' Fiscal Year 2013, PERS Plan 3 employee contributions were \$99.0 million, and plan refunds paid out were \$69.4 million.

The defined benefit portion of PERS Plan 3 provides members a monthly benefit that is 1% of the AFC per year of service. The AFC is the monthly average of the 60 consecutive highest-paid service months. There is no cap on years of service credit, and Plan 3 provides the same cost-of-living allowance as Plan 2.

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

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

- If they have at least ten service credit years and are 55 years old, the benefit is reduced by an ERF that varies with age, for each year before age 65.
- If they have 30 service credit years and are at least 55 years old, and were hired before May 1, 2013, they have the choice of a benefit that is reduced by 3% for each year before age 65; or a benefit with a smaller (or no) reduction factor (depending on age) that imposes stricter return-to-work rules.
- If they have 30 service credit years, are at least 55 years old, and were hired after May 1, 2013, they have the option to retire early by accepting a reduction of 5% for each year before age 65.

PERS Plan 3 benefits are actuarially reduced to reflect the choice, if made, of a survivor option. PERS Plan 2 and Plan 3 provide disability benefits. There is no minimum amount of service credit required for eligibility. The Plan 2 monthly benefit amount is 2% of the AFC per year of service. For Plan 3, the monthly benefit amount is 1% of the AFC per year of service. These disability benefit amounts are actuarially reduced for each year that the member's age is less than 65, and to reflect the choice of a survivor option. There is no cap on years of service credit, and a cost-of-living allowance is granted (based on the Consumer Price Index) capped at 3% annually.

PERS members meeting specific eligibility requirements have options available to enhance their retirement benefits. Some of these options are available to their survivors.

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

From January 1, 2007 through December 31, 2007, judicial members of PERS were given the choice to elect participation in the Judicial Benefit Multiplier (JBM) Program enacted in 2006. Justices and judges in PERS Plan 1 and Plan 2 were able to make an irrevocable election to pay increased contributions that would fund a retirement benefit with a 3.5% multiplier. The benefit would be capped at 75% of AFC. Judges in PERS Plan 3 could elect a 1.6% of pay per year of service benefit, capped at 37.5% of AFC.

PIERCE COUNTY HOUSING AUTHORITY **NOTES TO FINANCIAL STATEMENTS** **FOR THE YEAR ENDING DECEMBER 31, 2014**

Newly elected or appointed justices and judges who chose to become PERS members on or after January 1, 2007, or who had not previously opted into PERS membership, were required to participate in the JBM Program.

There are 1,176 participating employers in PERS. Membership in PERS consisted of the following as of the latest actuarial valuation date for the plans of June 30, 2013:

Retirees and Beneficiaries Receiving Benefits	85,328
Terminated Plan Members Entitled to But Not Yet Receiving Benefits	31,047
Active Plan Members Vested	150,706
Terminated Plan Members Non-vested	101,191
Total	<u>368,272</u>

B. Funding Policy

Each biennium, the state Pension Funding Council adopts PERS Plan 1 employer contribution rates, PERS Plan 2 employer and employee contribution rates, and PERS Plan 3 employer contribution rates. Employee contribution rates for Plan 1 are established by statute at 6% for state agencies and local government unit employees, and at 7.5% for state government elected officials. The employer and employee contribution rates for Plan 2 and the employer contribution rate for Plan 3 are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. Under PERS Plan 3, employer contributions finance the defined benefit portion of the plan and member contributions finance the defined contribution portion. The Plan 3 employee contribution rates range from 5% to 15%.

As a result of the implementation of the Judicial Benefit Multiplier Program in January 2007, a second tier of employer and employee rates was developed to fund, along with investment earnings, the increased retirement benefits of those justices and judges that participate in the program

The methods used to determine the contribution requirements are established under state statute in accordance with Chapters 41.40 and 41.45 RCW.

The required contribution rates expressed as a percentage of current-year covered payroll, as of December 31, 2014, are as follows:

	PERS Plan 1	PERS Plan 2	PERS Plan 3
Employer*	9.21%**	9.21%**	9.21%***
Employee	6%****	4.92%****	*****

* The employer rates include the employer administrative expense fee currently set at 0.18%.

** The employer rate for state elected officials is 13.73% for Plan 1 and 9.21% for Plan 2 and Plan 3.

*** Plan 3 defined benefit portion only.

**** The employee rate for state elected officials is 7.50% for Plan 1 and 4.92% for Plan 2.

***** Variable from 5.0% minimum to 15.0% maximum based on rate selected by the PERS 3 member.

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

	PERS Plan 1	PERS Plan 2	PERS Plan 3
2014	806	153,086	28,560
2013	4,150	136,448	21,590
2012	3,667	126,191	14,745

NOTE 7: DEFERRED COMPENSATION PLAN

The Authority offers its employees a deferred compensation plan created in accordance with the Internal Revenue Code section 457. This plan, available to all regular full-time and part-time Authority employees are permitted to defer receipt of a portion of their salary until future years. Participation in the plan is optional. The deferred compensation is not available to the employee or their beneficiaries until termination, retirement, death or an unforeseeable emergency. The amounts of compensation deferred under the plan and all income attributable to these amounts are the sole property of the participant or their beneficiary. ING and DRS holds and invests these funds on behalf of the Authority's employees. No amounts related to this plan are reflected in these financial statements.

NOTE 8: OTHER POST-EMPLOYMENT BENEFITS

A. Plan Description and Funding Policy

The medical plan offered to Authority employees through Washington Counties Insurance Fund (WCIF) through December 31, 2013 provided retiree benefits that were rated separately and rates were not subsidized by active employees, therefore, the Authority did not have other post-employment benefit liabilities at the end of 2013.

On January 1, 2014, the Authority changed its medical plan for all eligible employees to an agent multiple-employer health care plan offered through the Public Employees Benefits Board (PEBB). PEBB offers retirees access to medical, prescription drug, life dental, vision, disability and long-term care insurance. The Authority pays monthly premiums to PEBB to provide current coverage for medical and other benefits for active employees. These premiums do not pay for a portion of the PEBB benefit to future retirees. The PEBB OPEB plan does not issue a publically available financial report.

The relationship between the PEBB OPEB plan and its member employers and their employees and retirees is not formalized in a contract or plan document. Rather, the benefits are provided in accordance with a substantive plan. A substantive plan is one in which the plan terms are understood by the employers and plan members. This understanding is based on communications between the PEBB, employers and plan members and the historical pattern of practice with regard to the sharing of benefit costs.

B. Eligibility

There are three general eligibility requirements in order to receive PEBB retiree health insurance.

The retiree must:

- enroll or defer coverage no later than 60 days after the employer-paid or COBRA coverage ends,
- be vested in a Washington state sponsored retirement plan or meet the same age and years of service as is required of state sponsored retirees, and

**PIERCE COUNTY HOUSING AUTHORITY
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- receive a monthly retirement plan payment or lump sum payment as allowed by the plan, except Plan 3 members who do not have to receive a retirement plan payment or a lump sum actuarially equivalent payment as allowed by the plan, but must meet the age and length of service requirements.

Substantially all of the Authority's employees will become eligible for these benefits if they reach normal retirement age while working for the Authority. There are currently no terminated employees or retirees who are eligible to receive these benefits.

C. Benefits

Upon retirement, members have access to medical, prescription drug, life dental, vision, disability and long-term care insurance,

D. Funding Policy

Washington Health Care Authority administers the PEBB benefit plans. For medical insurance, HCA has two claims pools: one covering employees and non-Medicare eligible retirees and one covering retirees enrolled in Medicare Parts A and B. Each participating employer pays a portion of the premiums for active employees. For retirees, participating employees provide two different subsidies: an explicit subsidy and an implicit subsidy.

The explicit subsidy, permitted under the Revised Code of Washington (RCW) 41.05.085, is a straightforward, set dollar amount for a specific group of people. The explicit subsidy lowers the monthly premium paid by retired members enrolled in Medicare Parts A and B. PEBB determines the amount of the explicit subsidy annually.

Claims experience for employees and non-Medicare eligible retirees are pooled when determining premiums, so retired members pay a premium based on a pool of members that are, on average, younger and healthier. This results in an implicit subsidy, set up under RCW 41.05.022, from the employee group since the premiums paid by the retirees are lower than they would have been if the retirees were insured separately.

The implicit and explicit subsidies funded on a pay-as-you-go basis. As such, the funded ratio is 0 %.

E. Annual OPEB Cost and Net OPEB Obligation

The Authority's OPEB cost is calculated based upon the Annual Required Contribution of the employer (ARC). With fewer than 100 total plan members, the Authority has elected to calculate the ARC and related information using the alternative measurement method permitted by GASB Statement 45.

The following shows the components of the Authority's annual OPEB cost for its first year as a participating employer. Premiums paid into the PEBB plan only cover current benefits for active employees and those premiums are not considered in the ARC or Net OPEB obligation reflected below. The contributions reflected below are likely due to actuarial adjustments.

ARC	94,225
NOO Interest	-
NOO Amortization	-
Annual OPEB Cost	94,225
Less Contributions	(575)
Net OPEB Obligation December 31, 2014	93,650

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The Net OPEB Obligation of \$93,650 is included as a noncurrent liability on the Statement of Net Position.

F. Funding Status

As of January 1, 2013, the most recent actuarial valuation date, the plan was 0% funded. The accrued liability for benefits for the Authority is \$624,915 and the actuarial value of assets was \$0 resulting in an Unfunded Accrued Actuarial Liability (UAAL) of \$624,915.

UAAL	624,915
Annual Covered Payroll	2,016,942
UAAL as % of annual covered payroll	30.98%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the ARC of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

G. Actuarial Methods and Assumptions

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, is designed to present multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. However, since the Authority joined the plan effective January 1, 2014, only information for 2014 is presented.

The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The Authority has used the alternative measurement method permitted under GASB Statement 45. A single retirement age of 62.2 was assumed for all active members to determine the AAL and normal cost. Retirement, disablement, termination, and mortality rates were assumed to follow PERS 2 rates used in the June 30, 2013 actuarial valuation report issued by the Office of the State Actuary (OSA). Healthcare costs and trends were determined by Milliman and used by the OSA in the state-wide PEBB study performed in 2013. The results were based on grouped data with 4 active groupings and 4 inactive groupings. The actuarial costs method used to determine the Actuarial Accrued Liability (AAL) was Projected Unit Credit. The AAL and Net OPEB Obligation (NOO) are amortized on an open basis as a level dollar over 30 years. These assumptions are individually and collectively reasonable for the purposes of this valuation.

A copy of the 2013 Other Post-Employment Benefits Actuarial Valuation Report can be downloaded from the Washington Office of the State Actuary website located at http://osa.leg.wa.gov/Actuarial_Services/OPEB/OPEB.htm.

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Significant actuarial methods and assumptions are as follows:

Actuarial Valuation Date	January 1, 2013
Actuarial Cost Method	Projected Unit Credit (PUC)
Amortization Method	Closed, level percentage of projected payroll
Remaining Amortization Period	30 years for each new layer of NOO
Asset Valuation Method	N/A, no assets
Actuarial Assumptions:	
Investment Rate of Return	4%
Projected Salary Increases	3.75%
Health Care Inflation Rate	8% initial rate, 5% ultimate rate in 2093
Inflation Rate	3%

NOTE 9: INSURANCE

Pierce County Housing Authority is currently a member of Housing Authority Risk Retention Group, Inc. (HARRG) and Housing Authority Insurance, Inc. (HAI) which is the Authority's primary supplier of General Commercial Liability and Commercial Property coverage, respectively. Darwin Select Insurance Company, a member of Allied World Assurance Company Holdings Ltd., provides the Public Officials and Employment Practices liability insurance coverage.

The Authority finances its various risks of loss through the payment of premiums to the organizations discussed above. The Authority handles its risk of property loss with insurance that covers building, contents and loss of rents in a coverage amount of estimated replacement value, with a deductible of \$25,000 for building losses and a deductible of \$25,000 for contents. Risk of loss from general liability is handled with general liability coverage, which provides for \$5,000,000 aggregate per occurrence coverage with a \$5,000 deductible. Coverage for errors and omissions provides \$2,000,000 of coverage per occurrence with a \$25,000 deductible. Coverage for employment practices liability provides \$2,000,000 of coverage per occurrence with a \$25,000 deductible. The Authority also carried employee dishonesty bonding for \$100,000 with a \$5,000 deductible.

The Authority has also purchased their Auto Liability, Auto Physical Damage and Excess Auto coverage's effective 11/1/2014, which carries a combined single limit of \$ 5,000,000 per occurrence.

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

There were no litigation settlements that exceeded insurance, net of deductible amounts, for the periods from 2012 to 2014.

HARRG and HAPI are owned by their members and each member is asked to make an individual initial capital contribution upon entering the membership to each company of either 50% of their first year's premium or a minimum \$100 contribution. Pierce County Housing Authority has not contributed surplus to either company as of December 31, 2014.

NOTE 10: DEBT SERVICE COVERAGE AND CAPITAL PROJECT COMMITMENTS

The Authority is responsible under the individual bond covenants to maintain predetermined debt service coverage. All of the Apartments Program properties are debt financed as is disclosed in Note 4. The debt instruments carry debt service coverage covenants. Such covenants require the

**PIERCE COUNTY HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDING DECEMBER 31, 2014**

authority to maintain net operating income for the project at prescribed levels exceeding total annual debt service for the bonds. Debt service coverage covenants were met for the Revenue bonds during 2014.

Bond covenants also set forth conditions for Special Redemption of the bonds resulting from Excess Revenues, wherein revenues for a period exceed the sum for that period of operation and maintenance costs, required debt service, rebate amounts, if any, amounts required to restore balances in the debt service reserve accounts to their respective reserve requirements and the cost of eligible maintenance expenses. During 2014, Excess Revenue was generated from the bond projects resulting in Special Redemption of the bonds in the amount of \$360,000 scheduled for payment on June 1, 2015. This amount is included in the current portion of long term liabilities in the statement of net position.

During the course of its operations, the Authority enters into commitments for various capital projects and major maintenance work. At December 31, 2014, there was approximately \$1,861,000 in commitments under these types of contracts.

NOTE 11: CONDUIT DEBT

The Housing Authority has issued debt instruments for the purpose of providing capital financing for specific non-governmental entities, which are not a part of the Housing Authority's financial reporting entity. In general, the Housing Authority has issued conduit debt, but the Housing Authority is not responsible for the payment of the original debt. That debt is secured by a Multifamily Deed of Trust, Assignment of Rents and Security Agreement for the underlying properties. Owners of the debt have no recourse to any revenues of the Housing Authority. The Housing Authority participated in the following transactions:

Name of Non-Governmental Entity	Project Description	Date of Issue	Original Issue Amount
Hidden Hills 2001, LP of Hidden Hills Apartments	Acquisition and rehabilitation	January 1, 2002	\$8,100,000
Sumner Commons, LP construction of Sumner Commons Apartments	Acquisition of land and	December 20, 2002	\$1,750,000

REQUIRED SUPPLEMENTARY INFORMATION
Schedule of Funding Progress for the Public Employees Benefits Board
Post-Employment Health Care Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
1/1/2013	\$ -	\$ 624,915	\$ 624,915	0.00%	\$2,016,942	30.98%

NOTES to Required Supplementary Information:

The PEBB OPEB plan does not issue a publically available financial report. Since the authority joined the PEBB OPEB plan as of January 1, 2014, only a single year of information is available. The schedule of funding progress uses the alternative measurement method permitted under GASB Statement No. 45 for the year ended December 31, 2014.

Pierce County Housing Authority
Schedule of Expenditures of Federal Awards
For The Year Ended December 31, 2014

Federal Agency / Pass-Through Entity	Federal Program Name	CFDA Number	Other ID Number	Pass-Through Awards	Direct Awards	Total
US Department of Agriculture	Rural Housing Service					
	Rural Rental Housing Loans	10.415	-		\$ 27,967	
US Department of Agriculture	Rural Rental Assistance					
Rural Housing Service	Payments	10.427	-		91,007	
US Department of Agriculture Rural Housing Service Sub-Total				-	\$ 118,974	\$ 118,974
US Department of Housing and Urban Development	Public and Indian Housing	14.850	-		\$ 276,746	
US Department of Housing and Urban Development	LI HAP Section 8 Moderate Rehabilitation	14.856	-		82,931	
US Department of Housing and Urban Development	Section 8 Housing Choice Vouchers	14.871	-		17,991,544	
US Department of Housing and Urban Development	Public Housing Capital Fund Program	14.872	-		169,967	
US Department of Housing and Urban Development Sub-Total				-	\$ 18,521,188	\$ 18,521,188
Total Assistance				\$ -	\$ 18,640,162	\$ 18,640,162

PIERCE COUNTY HOUSING AUTHORITY
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ending December 31, 2014

NOTE 1 – BASIS OF ACCOUNTING

The Schedule of Expenditures of Federal Awards is prepared on the same basis of accounting as Pierce County Housing Authority's financial statements.

NOTE 2 – PROGRAM COSTS

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

HA Of Pierce County (WA054)
TACOMA, WA
Entity Wide Balance Sheet Summary

Submission Type:		Fiscal Year End: 12/31/2014					
		Project Total	10.415 Rural Rental Housing Loans	14.871 Housing Choice Vouchers	10.427 Rural Rental Assistance Payments	8 Other Federal Program 1	1 Business Activities
111 Cash - Unrestricted		433,102	5,154	-	-	653,577	928,110
112 Cash - Restricted - Modernization and Development		15,770	110,943	-	-	-	-
113 Cash - Other Restricted		32,576	-	126,258	-	-	-
114 Cash - Tenant Security Deposits		40,842	5,900	-	-	-	124,034
115 Cash - Restricted for Payment of Current Liabilities		-	-	60,387	-	-	43,405
100 Total Cash		522,290	121,997	186,645	-	653,577	1,095,549
121 Accounts Receivable - PHA Projects		-	-	-	-	-	-
122 Accounts Receivable - HUD Other Projects		-	-	136,971	-	-	-
124 Accounts Receivable - Other Government		-	-	-	-	-	1,713
125 Accounts Receivable - Miscellaneous		-	-	12,925	-	-	858
126 Accounts Receivable - Tenants		900	25	-	-	-	41,331
126.1 Allowance for Doubtful Accounts - Tenants		(735)	(17)	-	-	-	(37,504)
126.2 Allowance for Doubtful Accounts - Other		-	-	-	-	-	-
127 Notes, Loans, & Mortgages Receivable - Current		4,750	-	-	-	13,512	-
128 Fraud Recovery		-	-	3,869	-	-	-
128.1 Allowance for Doubtful Accounts - Fraud		-	-	(3,869)	-	-	-
129 Accrued Interest Receivable		-	-	-	-	201	33,454
120 Total Receivables, Net of Allowances for Doubtful Accounts		4,915	8	149,896	-	13,713	39,852
131 Investments - Unrestricted		-	-	-	-	-	201,773
132 Investments - Restricted		-	-	-	-	-	6,763,041
135 Investments - Restricted for Payment of Current Liability		-	-	-	-	-	834,696
142 Prepaid Expenses and Other Assets		-	-	-	-	-	52,959

HA Of Pierce County (WA054)
TACOMA, WA
Entity Wide Balance Sheet Summary

Submission Type:		Fiscal Year End: 12/31/2014					
		Project Total	10.415 Rural Rental Housing Loans	14.871 Housing Choice Vouchers	10.427 Rural Rental Assistance Payments	8 Other Federal Program 1	1 Business Activities
143 Inventories		-	-	-	-	-	8,536
143.1 Allowance for Obsolete Inventories		-	-	-	-	-	-
144 Inter Program Due From		-	-	-	-	-	46,076
145 Assets Held for Sale		-	-	-	-	-	-
150 Total Current Assets		527,205	122,005	336,541	-	667,290	9,042,482
161 Land		2,025,161	90,100	-	-	-	3,199,856
162 Buildings		9,929,143	569,567	-	-	-	24,032,270
163 Furniture, Equipment & Machinery - Dwellings		395,224	45,335	-	-	-	2,061,707
164 Furniture, Equipment & Machinery - Administration		101,758	-	107,548	-	-	659,614
165 Leasehold Improvements		-	-	-	-	-	-
166 Accumulated Depreciation		(5,207,758)	(225,406)	(65,048)	-	-	(11,885,179)
167 Construction in Progress		-	103,985	-	-	-	1,232,303
168 Infrastructure		-	-	-	-	-	-
160 Total Capital Assets, Net of Accumulated Depreciation		7,243,528	583,581	42,500	-	-	19,300,571
171 Notes, Loans and Mortgages Receivable - Non-Current		-	-	-	-	1,042,473	50,000
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due		-	-	-	-	-	-
173 Grants Receivable - Non Current		-	-	-	-	-	-
174 Other Assets		-	-	-	-	-	-
176 Investments in Joint Ventures		-	-	-	-	-	-
180 Total Non-Current Assets		7,243,528	583,581	42,500	-	1,042,473	19,350,571
200 Deferred Outflow of Resources		-	-	-	-	-	87,575

HA Of Pierce County (WA054)
TACOMA, WA
Entity Wide Balance Sheet Summary

Submission Type:		Fiscal Year End: 12/31/2014					
		Project Total	10.415 Rural Rental Housing Loans	14.871 Housing Choice Vouchers	10.427 Rural Rental Assistance Payments	8 Other Federal Program 1	1 Business Activities
290	Total Assets and Deferred Outflow of Resources	7,770,733	705,586	379,041	-	1,709,763	28,480,628
311	Bank Overdraft	-	-	-	-	-	-
312	Accounts Payable <= 90 Days	-	-	-	-	-	640,356
313	Accounts Payable >90 Days Past Due	-	-	-	-	-	-
321	Accrued Wage/Payroll Taxes Payable	-	-	-	-	-	73,515
322	Accrued Compensated Absences - Current Portion	17,290	-	49,214	-	-	47,490
324	Accrued Contingency Liability	-	-	-	-	-	-
325	Accrued Interest Payable	-	712	-	-	-	78,545
331	Accounts Payable - HUD PHA Programs	-	-	-	-	-	-
332	Account Payable - PHA Projects	-	-	-	-	-	-
333	Accounts Payable - Other Government	-	-	-	-	-	-
341	Tenant Security Deposits	40,842	5,900	-	-	-	124,034
342	Unearned Revenue	4,520	726	-	-	-	215,815
343	Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue	-	18,915	-	-	-	903,751
344	Current Portion of Long-term Debt - Operating Borrowings	-	-	-	-	-	-
345	Other Current Liabilities	296	-	48,364	-	-	36,521
346	Accrued Liabilities - Other	42,122	386	86,101	-	-	-
347	Inter Program - Due To	-	-	46,076	-	-	-
348	Loan Liability - Current	-	-	-	-	-	-
310	Total Current Liabilities	105,070	26,639	229,755	-	-	2,120,027
351	Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	-	512,822	-	-	-	15,642,360

HA Of Pierce County (WA054)
TACOMA, WA
Entity Wide Balance Sheet Summary

Submission Type:		Fiscal Year End: 12/31/2014						
		Project Total	10.415 Rural Rental Housing Loans	14.871 Housing Choice Vouchers	10.427 Rural Rental Assistance Payments	8 Other Federal Program 1	1 Business Activities	

HA Of Pierce County (WA054)
TACOMA, WA
Entity Wide Balance Sheet Summary

Submission Type:

		14.VSHT HUD-	14.856 Lower						
		VETERANS	Income Housing						
		AFAIRS	Assistance						
		SUPPORTIVE	Program_Sectio						
		HOUSING (HUD-	n 8 Moderate						
		VASH)							
		PROGRAM							
111	Cash - Unrestricted	-	125,049		2,144,992	-			2,144,992
112	Cash - Restricted - Modernization and Development	-	-		126,713	-			126,713
113	Cash - Other Restricted	-	-		158,834	-			158,834
114	Cash - Tenant Security Deposits	-	-		170,776	-			170,776
115	Cash - Restricted for Payment of Current Liabilities	-	-		103,792	-			103,792
100	Total Cash	-	125,049		2,705,107	-			2,705,107
121	Accounts Receivable - PHA Projects	-	-		-	-			-
122	Accounts Receivable - HUD Other Projects	-	-		136,971	-			136,971
124	Accounts Receivable - Other Government	-	-		1,713	-			1,713
125	Accounts Receivable - Miscellaneous	-	-		13,783	-			13,783
126	Accounts Receivable - Tenants	-	-		42,256	-			42,256
126.1	Allowance for Doubtful Accounts - Tenants	-	-		(38,256)	-			(38,256)
126.2	Allowance for Doubtful Accounts - Other	-	-		-	-			-
127	Notes, Loans, & Mortgages Receivable - Current	-	-		18,262	-			18,262
128	Fraud Recovery	-	-		3,869	-			3,869
128.1	Allowance for Doubtful Accounts - Fraud	-	-		(3,869)	-			(3,869)
129	Accrued Interest Receivable	-	-		33,655	-			33,655
120	Total Receivables, Net of Allowances for Doubtful Accounts	-	-		208,384	-			208,384
131	Investments - Unrestricted	-	-		201,773	-			201,773
132	Investments - Restricted	-	-		6,763,041	-			6,763,041
135	Investments - Restricted for Payment of Current Liability	-	-		834,696	-			834,696
142	Prepaid Expenses and Other Assets	-	-		52,959	-			52,959

HA Of Pierce County (WA054)
TACOMA, WA
Entity Wide Balance Sheet Summary

Submission Type:

	14. VSH HUD- VETERANS AFFAIRS SUPPORTIVE HOUSING (HUD- VASH) PROGRAM	14.856 Lower Income Housing Assistance Program_Sectio n 8 Moderate	Subtotal	ELIM	Total
143 Inventories	-	-	8,536	-	8,536
143.1 Allowance for Obsolete Inventories	-	-	-	-	-
144 Inter Program Due From	-	-	46,076	(46,076)	-
145 Assets Held for Sale	-	-	-	-	-
150 Total Current Assets	-	125,049	10,820,572	(46,076)	10,774,496
161 Land	-	-	5,315,117	-	5,315,117
162 Buildings	-	-	34,530,980	-	34,530,980
163 Furniture, Equipment & Machinery - Dwellings	-	-	2,502,266	-	2,502,266
164 Furniture, Equipment & Machinery - Administration	-	-	868,920	-	868,920
165 Leasehold Improvements	-	-	-	-	-
166 Accumulated Depreciation	-	-	(17,383,391)	-	(17,383,391)
167 Construction in Progress	-	-	1,336,288	-	1,336,288
168 Infrastructure	-	-	-	-	-
160 Total Capital Assets, Net of Accumulated Depreciation	-	-	27,170,180	-	27,170,180
171 Notes, Loans and Mortgages Receivable - Non-Current	-	-	1,092,473	-	1,092,473
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due	-	-	-	-	-
173 Grants Receivable - Non Current	-	-	-	-	-
174 Other Assets	-	-	-	-	-
176 Investments in Joint Ventures	-	-	-	-	-
180 Total Non-Current Assets	-	-	28,262,653	-	28,262,653
200 Deferred Outflow of Resources	-	-	87,575	-	87,575

HA Of Pierce County (WA054)
TACOMA, WA
Entity Wide Balance Sheet Summary

Submission Type:

	14.VSHT HUD- VETERANS AFFAIRS SUPPORTIVE HOUSING (HUD- VASH) PROGRAM	14.856 Lower Income Housing Assistance Program_Sectio n 8 Moderate	Subtotal	ELIM	Total
290 Total Assets and Deferred Outflow of Resources	-	125,049	39,170,800	(46,076)	39,124,724
311 Bank Overdraft	-	-	-	-	-
312 Accounts Payable <= 90 Days	-	-	640,356	-	640,356
313 Accounts Payable >90 Days Past Due	-	-	-	-	-
321 Accrued Wage/Payroll Taxes Payable	-	-	73,515	-	73,515
322 Accrued Compensated Absences - Current Portion	-	-	113,994	-	113,994
324 Accrued Contingency Liability	-	-	-	-	-
325 Accrued Interest Payable	-	-	79,257	-	79,257
331 Accounts Payable - HUD PHA Programs	-	-	-	-	-
332 Account Payable - PHA Projects	-	-	-	-	-
333 Accounts Payable - Other Government	-	-	-	-	-
341 Tenant Security Deposits	-	-	170,776	-	170,776
342 Unearned Revenue	-	4,620	225,681	-	225,681
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue	-	-	922,666	-	922,666
344 Current Portion of Long-term Debt - Operating Borrowings	-	-	-	-	-
345 Other Current Liabilities	-	-	85,181	-	85,181
346 Accrued Liabilities - Other	-	-	128,609	-	128,609
347 Inter Program - Due To	-	-	46,076	(46,076)	-
348 Loan Liability - Current	-	-	-	-	-
310 Total Current Liabilities	-	4,620	2,486,111	(46,076)	2,440,035
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	-	-	16,155,182	-	16,155,182

HA Of Pierce County (WA054)
TACOMA, WA
Entity Wide Balance Sheet Summary

Submission Type:

	14.VSHT HUD- VETERANS AFFAIRS SUPPORTIVE HOUSING (HUD- VASH) PROGRAM	14.856 Lower Income Housing Assistance Program_Sectio n 8 Moderate	Subtotal	ELIM	Total
352 Long-term Debt, Net of Current - Operating Borrowings	-	-	-	-	-
353 Non-current Liabilities - Other	-	-	305,756	-	305,756
354 Accrued Compensated Absences - Non Current	-	-	44,200	-	44,200
355 Loan Liability - Non Current	-	-	-	-	-
356 FASB 5 Liabilities	-	-	-	-	-
357 Accrued Pension and OPEB Liabilities	-	-	93,650	-	93,650
350 Total Non-Current Liabilities	-	-	16,598,788	-	16,598,788
300 Total Liabilities	-	4,620	19,084,899	(46,076)	19,038,823
400 Deferred Inflow of Resources	-	-	-	-	-
508.4 Net Investment in Capital Assets	-	-	10,179,907	-	10,179,907
511.4 Restricted Net Position	-	-	7,485,164	-	7,485,164
512.4 Unrestricted Net Position	-	120,429	2,420,830	-	2,420,830
513 Total Equity - Net Assets / Position	-	120,429	20,085,901	-	20,085,901
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	-	125,049	39,170,800	(46,076)	39,124,724

HA Of Pierce County (WA054)

TACOMA, WA

Entity Wide Revenue and Expense Summary

Submission Type Fiscal Year End: 12/31/2014

Unaudited/A-133

	Project Total	10.415 Rural Rental Housing Loans	14.871 Housing Choice Vouchers	10.427 Rural Rental Assistance Payments	8 Other Federal Program 1
70300 Net Tenant Rental Revenue	399,476	133,425			
70400 Tenant Revenue - Other	12,898	8,552			
70500 Total Tenant Revenue	412,374	141,977			
70600 HUD PHA Operating Grants	446,713		17,991,544		
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					
70800 Other Government Grants		27,967		91,007	
71100 Investment Income - Unrestricted	112				167
71200 Mortgage Interest Income					2,629
71300 Proceeds from Disposition of Assets Held for Sale					
71310 Cost of Sale of Assets					
71400 Fraud Recovery			16,672		
71500 Other Revenue			1,213,761		
71600 Gain or Loss on Sale of Capital Assets	30,476				
72000 Investment Income - Restricted	23	17	149		
70000 Total Revenue	889,698	169,961	19,222,126	91,007	2,796
91100 Administrative Salaries	161,647		908,265		28,770
91200 Auditing Fees	8,358	9,041	47,324		1,220

Entity Wide Revenue and Expense Summary

	Project Total	10.415 Rural Rental Housing Loans	14.871 Housing Choice Vouchers	10.427 Rural Rental Assistance Payments	8 Other Federal Program 1
91300 Management Fee					
91310 Book-keeping Fee		-			
91400 Advertising and Marketing		40			
91500 Employee Benefit contributions - Administrative	57,981		320,674		13,061
91600 Office Expenses	4,633	192	5,771		
91700 Legal Expense	3,129		1,711		
91800 Travel	2,975		15,013		
91810 Allocated Overhead					
91900 Other	17,902	12,519	275,518		2,523
91000 Total Operating - Administrative	256,625	21,792	1,574,276		45,574
92000 Asset Management Fee					
92100 Tenant Services - Salaries					
92200 Relocation Costs					
92300 Employee Benefit Contributions - Tenant Services					
92400 Tenant Services - Other	10,006				
92500 Total Tenant Services	10,006	-	-	-	-
93100 Water	2,407	2,629			
93200 Electricity	1,100	1,888			
93300 Gas					
93400 Fuel					
93500 Labor					
93600 Sewer	580	9,486			
93700 Employee Benefit Contributions - Utilities					
93800 Other Utilities Expense		14,618			

Entity Wide Revenue and Expense Summary

Submission Type Fiscal Year End: 12/31/2014

Unaudited/A-133

	Project Total	10.415 Rural Rental Housing Loans	14.871 Housing Choice Vouchers	10.427 Rural Rental Assistance Payments	8 Other Federal Program 1
93000 Total Utilities	4,087	28,621	-	-	-
94100 Ordinary Maintenance and Operations - Labor	174,321	18,134	-	-	-
94200 Ordinary Maintenance and Operations - Materials and Other	79,349	5,670	-	-	-
94300 Ordinary Maintenance and Operations Contracts	203,423	11,036	-	-	-
94500 Employee Benefit Contributions - Ordinary Maintenance	78,401	6,881	-	-	-
94000 Total Maintenance	535,494	41,721	-	-	-
95100 Protective Services - Labor	-	-	-	-	-
95200 Protective Services - Other Contract Costs	-	-	-	-	-
95300 Protective Services - Other	-	-	-	-	-
95500 Employee Benefit Contributions - Protective Services	-	-	-	-	-
95000 Total Protective Services	-	-	-	-	-
96110 Property Insurance	11,769	2,478	1,224	-	13
96120 Liability Insurance	9,302	419	107,556	-	1,258
96130 Workmen's Compensation	16,335	1,312	4,007	-	236
96140 All Other Insurance	4,663	2	546	-	-
96100 Total Insurance Premiums	42,069	4,211	113,333	-	1,507
96200 Other General Expenses	42,790	261	116,555	-	1,160
96210 Compensated Absences	3,828	-	7,447	-	-
96300 Payments in Lieu of Taxes	40,829	-	-	-	-
96400 Bad debt - Tenant Rents	735	17	-	-	-
96500 Bad debt - Mortgages	-	-	-	-	-
96600 Bad debt - Other	-	-	-	-	-

HA Of Pierce County (WA054)

TACOMA, WA

Entity Wide Revenue and Expense Summary

Submission Type Fiscal Year End: 12/31/2014

Unaudited/A-133

	Project Total	10.415 Rural Rental Housing Loans	14.871 Housing Choice Vouchers	10.427 Rural Rental Assistance Payments	8 Other Federal Program 1
96800 Severance Expense					
96000 Total Other General Expenses	88,182	278	124,002		1,160
96710 Interest of Mortgage (or Bonds) Payable	8,675	37,120	14,077		
96720 Interest on Notes Payable (Short and Long Term)	-	-	-	-	13
96730 Amortization of Bond Issue Costs	-	-	-	-	-
96700 Total Interest Expense and Amortization Cost	8,675	37,120	14,077		13
96900 Total Operating Expenses	945,138	133,743	1,825,688		48,254
97000 Excess of Operating Revenue over Operating Expenses	(55,440)	36,218	17,396,438	91,007	(45,458)
97100 Extraordinary Maintenance	-	-	-	-	-
97200 Casualty Losses - Non-capitalized	-	-	-	-	-
97300 Housing Assistance Payments	-	-	18,030,026	91,007	-
97350 HAP Portability-In	-	-	1,125,281	-	-
97400 Depreciation Expense	340,599	17,280	55,242	-	401
97500 Fraud Losses	-	-	-	-	-
97600 Capital Outlays - Governmental Funds	-	-	-	-	-
97700 Debt Principal Payment - Governmental Funds	-	-	-	-	-
97800 Dwelling Units Rent Expense	-	-	-	-	-
90000 Total Expenses	1,285,737	151,023	21,036,237	91,007	48,655
10010 Operating Transfer In	169,967	-	223,041	-	-
10020 Operating transfer Out	(169,967)	-	-	-	-
10030 Operating Transfers from/to Primary Government	-	-	-	-	-

HA Of Pierce County (WA054)

TACOMA, WA

Entity Wide Revenue and Expense Summary

Submission Type Fiscal Year End: 12/31/2014

Unaudited/A-133

	Project Total	10.415 Rural Rental Housing Loans	14.871 Housing Choice Vouchers	10.427 Rural Rental Assistance Payments	8 Other Federal Program 1
10040 Operating Transfers from/to Component Unit	-	-	-	-	-
10050 Proceeds from Notes, Loans and Bonds	-	-	-	-	-
10060 Proceeds from Property Sales	-	-	-	-	-
10070 Extraordinary Items, Net Gain/Loss	-	-	-	-	-
10080 Special Items (Net Gain/Loss)	-	-	-	-	-
10091 Inter Project Excess Cash Transfer In	-	-	-	-	-
10092 Inter Project Excess Cash Transfer Out	-	-	-	-	-
10093 Transfers between Program and Project - In	-	-	-	-	-
10094 Transfers between Project and Program - Out	-	-	-	-	-
10100 Total Other financing Sources (Uses)	-	-	223,041	-	-
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	(396,039)	18,938	(1,591,070)	-	(45,859)
11020 Required Annual Debt Principal Payments	-	19,080	-	-	-
11030 Beginning Equity	8,021,253	147,187	1,591,070	-	1,755,622
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	-	-	-	-	-
11050 Changes in Compensated Absence Balance	-	-	-	-	-
11060 Changes in Contingent Liability Balance	-	-	-	-	-
11070 Changes in Unrecognized Pension Transition Liability	-	-	-	-	-
11080 Changes in Special Term/Severance Benefits Liability	-	-	-	-	-
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents	-	-	-	-	-
11100 Changes in Allowance for Doubtful Accounts - Other	-	-	-	-	-
11170 Administrative Fee Equity	-	-	-	-	-
11180 Housing Assistance Payments Equity	-	-	-	-	-
11190 Unit Months Available	1523	240	33,216	240	-

Entity Wide Revenue and Expense Summary

	Project Total	10.415 Rural Rental Housing Loans	14.871 Housing Choice Vouchers	10.427 Rural Rental Assistance Payments	8 Other Federal Program 1
11210 Number of Unit Months Leased	1509	237	28,123	236	-
11270 Excess Cash	295,028	-	-	-	-
11610 Land Purchases	-	-	-	-	-
11620 Building Purchases	38,949	-	-	-	-
11630 Furniture & Equipment - Dwelling Purchases	20,409	-	-	-	-
11640 Furniture & Equipment - Administrative Purchases	-	-	-	-	-
11650 Leasehold Improvements Purchases	-	-	-	-	-
11660 Infrastructure Purchases	-	-	-	-	-
13510 CFFP Debt Service Payments	-	-	-	-	-
13901 Replacement Housing Factor Funds	-	-	-	-	-

HA Of Pierce County (WA054)
TACOMA, WA
Entity Wide Revenue and Expense Summary

	1 Business Activities	14,856 Lower Income Housing Assistance Program_Section	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	5,262,984	-	5,795,885	-	5,795,885
70400 Tenant Revenue - Other	209,395	-	230,845	-	230,845
70500 Total Tenant Revenue	5,472,379	-	6,026,730	-	6,026,730
70600 HUD PHA Operating Grants	-	82,931	18,521,188	-	18,521,188
70610 Capital Grants	-	-	-	-	-
70710 Management Fee	-	-	-	-	-
70720 Asset Management Fee	-	-	-	-	-
70730 Book Keeping Fee	-	-	-	-	-
70740 Front Line Service Fee	-	-	-	-	-
70750 Other Fees	12,519	-	12,519	-	12,519
70700 Total Fee Revenue	12,519	-	12,519	-	12,519
70800 Other Government Grants	-	-	118,974	-	118,974
71100 Investment Income - Unrestricted	59,611	16	59,906	-	59,906
71200 Mortgage Interest Income	-	-	2,629	-	2,629
71300 Proceeds from Disposition of Assets Held for Sale	-	-	-	-	-
71310 Cost of Sale of Assets	-	-	-	-	-
71400 Fraud Recovery	-	-	16,672	-	16,672
71500 Other Revenue	217,925	-	1,431,686	-	1,431,686
71600 Gain or Loss on Sale of Capital Assets	(235,332)	-	(204,856)	-	(204,856)
72000 Investment Income - Restricted	365,644	-	365,833	-	365,833
70000 Total Revenue	5,892,746	82,947	26,351,281	-	26,351,281
91100 Administrative Salaries	226,614	-	1,325,296	-	1,325,296
91200 Auditing Fees	22,930	333	89,206	-	89,206

HA Of Pierce County (WA054)
TACOMA, WA
Entity Wide Revenue and Expense Summary

	1 Business Activities	14,856 Lower Income Housing Assistance Program_Section 8 Moderate	Subtotal	ELIM	Total
91300 Management Fee	-	-	-	-	-
91310 Book-keeping Fee	-	-	-	-	-
91400 Advertising and Marketing	10,531	-	10,571	-	10,571
91500 Employee Benefit contributions - Administrative	76,341	-	468,057	-	468,057
91600 Office Expenses	44,720	-	55,316	-	55,316
91700 Legal Expense	30,953	-	35,793	-	35,793
91800 Travel	1,153	-	19,141	-	19,141
91810 Allocated Overhead	-	-	-	-	-
91900 Other	177,356	1,085	486,903	-	486,903
91000 Total Operating - Administrative	590,598	1,418	2,490,283	-	2,490,283
92000 Asset Management Fee	-	-	-	-	-
92100 Tenant Services - Salaries	-	-	-	-	-
92200 Relocation Costs	-	-	-	-	-
92300 Employee Benefit Contributions - Tenant Services	-	-	-	-	-
92400 Tenant Services - Other	179,967	-	189,973	-	189,973
92500 Total Tenant Services	179,967	-	189,973	-	189,973
93100 Water	176,045	-	181,081	-	181,081
93200 Electricity	103,753	-	106,741	-	106,741
93300 Gas	-	-	-	-	-
93400 Fuel	-	-	-	-	-
93500 Labor	-	-	-	-	-
93600 Sewer	328,692	-	338,758	-	338,758
93700 Employee Benefit Contributions - Utilities	-	-	-	-	-
93800 Other Utilities Expense	6,079	-	20,697	-	20,697

HA Of Pierce County (WA054)
TACOMA, WA
Entity Wide Revenue and Expense Summary

	1 Business Activities	14,856 Lower Income Housing Assistance Program_Section	Subtotal	ELIM	Total
93000 Total Utilities	614,569	-	647,277	-	647,277
94100 Ordinary Maintenance and Operations - Labor	735,013	-	927,468	-	927,468
94200 Ordinary Maintenance and Operations - Materials and Other	210,983	-	296,002	-	296,002
94300 Ordinary Maintenance and Operations Contracts	648,436	-	862,895	-	862,895
94500 Employee Benefit Contributions - Ordinary Maintenance	299,114	-	384,396	-	384,396
94000 Total Maintenance	1,893,546	-	2,470,761	-	2,470,761
95100 Protective Services - Labor	-	-	-	-	-
95200 Protective Services - Other Contract Costs	-	-	-	-	-
95300 Protective Services - Other	-	-	-	-	-
95500 Employee Benefit Contributions - Protective Services	-	-	-	-	-
95000 Total Protective Services	-	-	-	-	-
96110 Property Insurance	60,373	-	75,857	-	75,857
96120 Liability Insurance	38,599	324	157,458	-	157,458
96130 Workmen's Compensation	51,476	-	73,366	-	73,366
96140 All Other Insurance	-	-	5,211	-	5,211
96100 Total Insurance Premiums	150,448	324	311,892	-	311,892
96200 Other General Expenses	29,543	-	190,309	-	190,309
96210 Compensated Absences	4,664	9	15,948	-	15,948
96300 Payments in Lieu of Taxes	-	-	40,829	-	40,829
96400 Bad debt - Tenant Rents	110,447	-	111,199	-	111,199
96500 Bad debt - Mortgages	-	-	-	-	-
96600 Bad debt - Other	-	-	-	-	-

HA Of Pierce County (WA054)
TACOMA, WA
Entity Wide Revenue and Expense Summary

	1 Business Activities	14,856 Lower Income Housing Assistance Program_Section 8 Moderate	Subtotal	ELIM	Total
96800 Severance Expense	-	-	-	-	-
96000 Total Other General Expenses	144,654	9	358,285	-	358,285
96710 Interest of Mortgage (or Bonds) Payable	944,531	-	1,004,403	-	1,004,403
96720 Interest on Notes Payable (Short and Long Term)	-	-	13	-	13
96730 Amortization of Bond Issue Costs	42,406	-	42,406	-	42,406
96700 Total Interest Expense and Amortization Cost	986,937	-	1,046,822	-	1,046,822
96900 Total Operating Expenses	4,560,719	1,751	7,515,293	-	7,515,293
97000 Excess of Operating Revenue over Operating Expenses	1,332,027	81,196	18,835,988	-	18,835,988
97100 Extraordinary Maintenance	-	-	-	-	-
97200 Casualty Losses - Non-capitalized	-	-	-	-	-
97300 Housing Assistance Payments	-	68,319	18,189,352	-	18,189,352
97350 HAP Portability-In	-	-	1,125,281	-	1,125,281
97400 Depreciation Expense	988,815	225	1,402,562	-	1,402,562
97500 Fraud Losses	-	-	-	-	-
97600 Capital Outlays - Governmental Funds	-	-	-	-	-
97700 Debt Principal Payment - Governmental Funds	-	-	-	-	-
97800 Dwelling Units Rent Expense	-	-	-	-	-
90000 Total Expenses	5,549,534	70,295	28,232,488	-	28,232,488
10010 Operating Transfer In	-	-	393,008	-	393,008
10020 Operating transfer Out	(223,041)	-	(393,008)	-	(393,008)
10030 Operating Transfers from/to Primary Government	-	-	-	-	-

HA Of Pierce County (WA054)
TACOMA, WA
Entity Wide Revenue and Expense Summary

	1 Business Activities	Income Housing Assistance Program_Section	Subtotal	ELIM	Total
		14,856 Lower Moderate			
10040 Operating Transfers from/to Component Unit	-	-	-	-	-
10050 Proceeds from Notes, Loans and Bonds	-	-	-	-	-
10060 Proceeds from Property Sales	-	-	-	-	-
10070 Extraordinary Items, Net Gain/Loss	-	-	-	-	-
10080 Special Items (Net Gain/Loss)	-	-	-	-	-
10091 Inter Project Excess Cash Transfer In	-	-	-	-	-
10092 Inter Project Excess Cash Transfer Out	-	-	-	-	-
10093 Transfers between Program and Project - In	-	-	-	-	-
10094 Transfers between Project and Program - Out	-	-	-	-	-
10100 Total Other financing Sources (Uses)	(223,041)	-	-	-	-
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	120,171	12,652	(1,881,207)	-	(1,881,207)
11020 Required Annual Debt Principal Payments	152,627	-	171,707	-	171,707
11030 Beginning Equity	10,344,199	107,777	21,967,108	-	21,967,108
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	-	-	-	-	-
11050 Changes in Compensated Absence Balance	-	-	-	-	-
11060 Changes in Contingent Liability Balance	-	-	-	-	-
11070 Changes in Unrecognized Pension Transition Liability	-	-	-	-	-
11080 Changes in Special Term/Severance Benefits Liability	-	-	-	-	-
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents	-	-	-	-	-
11100 Changes in Allowance for Doubtful Accounts - Other	-	-	-	-	-
11170 Administrative Fee Equity	-	-	-	-	-
11180 Housing Assistance Payments Equity	-	-	-	-	-
11190 Unit Months Available	8028	192	33,216	-	33,216

HA Of Pierce County (WA054)
TACOMA, WA
Entity Wide Revenue and Expense Summary

	1 Business Activities	14,856 Lower Income Housing Assistance Program_Section 8 Moderate	Subtotal	ELIM	Total
11210 Number of Unit Months Leased	7592	192	28,123	-	28,123
11270 Excess Cash	-	-	295,028	-	295,028
11610 Land Purchases	-	-	-	-	-
11620 Building Purchases	-	-	38,949	-	38,949
11630 Furniture & Equipment - Dwelling Purchases	-	-	20,409	-	20,409
11640 Furniture & Equipment - Administrative Purchases	-	-	-	-	-
11650 Leasehold Improvements Purchases	-	-	-	-	-
11660 Infrastructure Purchases	-	-	-	-	-
13510 CFFP Debt Service Payments	-	-	-	-	-
13901 Replacement Housing Factor Funds	-	-	-	-	-

Actual Modernization Cost Certificate

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

OMB Approval No. 2577-0157 (exp. 12/31/2011)

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

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

Do not send this form to the above address.

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

HA Name:

Modernization Project Number:

Pierce County Housing Authority

WA19P054501-14

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

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

A. Original Funds Approved	\$	169,967.00
B. Funds Disbursed	\$	169,967.00
C. Funds Expended (Actual Modernization Cost)	\$	169,967.00
D. Amount to be Recaptured (A-C)	\$	-0-
E. Excess of Funds Disbursed (B-C)	\$	-0-

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

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

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

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

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

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

Signature of Executive Director & Date:

X

Karen Sheel

7/28/14

For HUD Use Only

The Cost Certificate is approved for audit:

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

X

Date:

03-18-2015

The audited costs agree with the costs shown above:

Verified: (Designated HUD Official)

Date:

X

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

Date:

X

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

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