



Washington State Auditor's Office

Government that works for citizens

Financial Statements and Federal Single Audit Report

Housing Authority of the City of Tacoma

Pierce County

For the period January 1, 2015 through December 31, 2015

Published September 19, 2016

Report No. 1017468





Washington State Auditor's Office

September 19, 2016

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

Report on Financial Statements and Federal Single Audit

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

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

Sincerely,

TROY KELLEY
STATE AUDITOR
OLYMPIA, WA

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**Housing Authority of the City of Tacoma
Pierce County
January 1, 2015 through December 31, 2015**

SECTION I – SUMMARY OF AUDITOR’S RESULTS

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

Financial Statements

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

Internal Control over Financial Reporting:

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

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

Federal Awards

Internal Control over Major Programs:

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

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

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

Identification of Major Federal Programs:

The following program was selected as a major program in our audit of compliance in accordance with the Uniform Guidance.

<u>CFDA No.</u>	<u>Program or Cluster Title</u>
14.881	Moving to Work Demonstration Program

The dollar threshold used to distinguish between Type A and Type B programs, as prescribed by the Uniform Guidance, was \$1,369,466.

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

SECTION II – FINANCIAL STATEMENT FINDINGS

None reported.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.

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

**Housing Authority of the City of Tacoma
Pierce County
January 1, 2015 through December 31, 2015**

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the business-type activities and the aggregate discretely presented component units of the Housing Authority of the City of Tacoma, Pierce County, Washington, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Housing Authority's basic financial statements, and have issued our report thereon dated September 6, 2016. As discussed in Note 1 to the financial statements, during the year ended December 31, 2015, the Housing Authority implemented Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*.

Our report includes a reference to other auditors who audited the financial statements of the Hillside Terrace Phase I LP, Hillside Terrace Phase II LP, Hillside Terrace 1500 LP, Salishan One LLC, Salishan Two, LLC, Salishan Three LLC, Salishan Four LLC, Salishan Five LLC, Salishan Six LLC, 2500 Yakima LLLP, and MLK New Look LLC, as described in our report on the Housing Authority's financial statements. This report includes our consideration of the results of the other auditor's testing of internal control over financial reporting and compliance and other matters that are reported on separately by those other auditors. However, this report, insofar as it relates to the results of the other auditors, is based solely on the reports of the other auditors. The financial statements of the Hillside Terrace Phase I LP, Hillside Terrace Phase II LP, Hillside Terrace 1500 LP, Salishan One LLC, Salishan Two, LLC, Salishan Three LLC, Salishan Four LLC, Salishan Five LLC, Salishan Six LLC, 2500 Yakima LLLP, and MLK New Look LLC were not audited in accordance with *Government Auditing Standards* and accordingly

this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the Hillside Terrace Phase I LP, Hillside Terrace Phase II LP, Hillside Terrace 1500 LP, Salishan One LLC, Salishan Two, LLC, Salishan Three LLC, Salishan Four LLC, Salishan Five LLC, Salishan Six LLC, 2500 Yakima LLLP, and MLK New Look LLC.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements, we considered the Housing Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Housing Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Housing Authority's internal control.

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

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

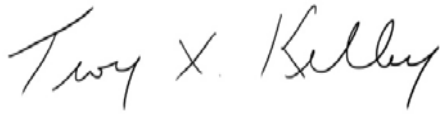
COMPLIANCE AND OTHER MATTERS

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

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

PURPOSE OF THIS REPORT

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

A handwritten signature in black ink that reads "Troy X. Kelley". The signature is written in a cursive, flowing style.

TROY KELLEY
STATE AUDITOR
OLYMPIA, WA

September 6, 2016

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

**Housing Authority of the City of Tacoma
Pierce County
January 1, 2015 through December 31, 2015**

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

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

We have audited the compliance of the Housing Authority of the City of Tacoma, Pierce County, Washington, with the types of compliance requirements described in the U.S. *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the Housing Authority's major federal programs for the year ended December 31, 2015. The Housing Authority's major federal programs are identified in the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

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

compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Housing Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the Housing Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2015.

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

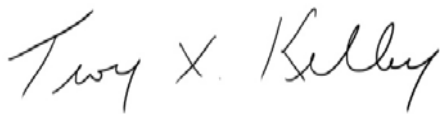
Management of the Housing Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Housing Authority's internal control over compliance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

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

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

Purpose of this Report

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

A handwritten signature in cursive script that reads "Troy X. Kelley".

TROY KELLEY
STATE AUDITOR
OLYMPIA, WA

September 6, 2016

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

Housing Authority of the City of Tacoma Pierce County January 1, 2015 through December 31, 2015

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

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the business-type activities and the aggregate discretely presented component units of the Housing Authority of the City of Tacoma, Pierce County, Washington, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Housing Authority's basic financial statements as listed on page 16.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Hillside Terrace Phase I LP, Hillside Terrace Phase II LP, Hillside Terrace 1500 LP, Salishan One LLC, Salishan Two, LLC, Salishan Three LLC, Salishan Four LLC, Salishan Five LLC, Salishan Six LLC, 2500 Yakima LLLP, and MLK New Look LLC which represents 98.8 percent, of the assets and net position, and 100 percent of the revenues of the aggregate discretely presented component units. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Hillside Terrace Phase I LP, Hillside Terrace Phase II LP, Hillside Terrace 1500 LP, Salishan One LLC, Salishan Two, LLC, Salishan Three LLC, Salishan Four

LLC, Salishan Five LLC, Salishan Six LLC, 2500 Yakima LLLP, and MLK New Look LLC is based solely on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Hillside Terrace Phase I LP, Hillside Terrace Phase II LP, Hillside Terrace 1500 LP, Salishan One LLC, Salishan Two, LLC, Salishan Three LLC, Salishan Four LLC, Salishan Five LLC, Salishan Six LLC, 2500 Yakima LLLP, and MLK New Look LLC were not audited in accordance with *Government Auditing Standards*.

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

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

Opinion

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component units of the Housing Authority of the City of Tacoma, as of December 31, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Matters of Emphasis

As discussed in Note 1 to the financial statements, in 2015, the Housing Authority adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 68, *Accounting*

and Financial Reporting for Pensions – an amendment of GASB Statement No. 27 and Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

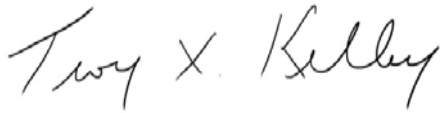
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 17 through 26, and pension plan information on pages 76 through 79 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We and the other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

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

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated September 6, 2016 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.

A handwritten signature in cursive script that reads "Troy X. Kelley".

TROY KELLEY
STATE AUDITOR
OLYMPIA, WA

September 6, 2016

FINANCIAL SECTION

**Housing Authority of the City of Tacoma
Pierce County
January 1, 2015 through December 31, 2015**

REQUIRED SUPPLEMENTARY INFORMATION

Management's Discussion and Analysis – 2015

BASIC FINANCIAL STATEMENTS

Statement of Net Position – 2015

Statement of Revenues, Expenses and Changes in Net Position – 2015

Statement of Cash Flows – 2015

Notes to Financial Statements – 2015

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Proportionate Share of Net Pension Liability – PERS Plan 1 – 2015

Schedule of Proportionate Share of Net Pension Liability – PERS Plan 2/3 – 2015

Schedule of Employer Contributions – PERS Plan 1 – 2015

Schedule of Employer Contributions – PERS Plan 2/3 – 2015

SUPPLEMENTARY AND OTHER INFORMATION

Schedule of Expenditures of Federal Awards – 2015

Notes to Schedule of Expenditures of Federal Awards – 2015

Financial Data Schedule – 2015

Actual Comprehensive Grant Cost Certificate – WA19C00550111

Actual Comprehensive Grant Cost Certificate – WA19P00550111

Actual Comprehensive Grant Cost Certificate – WA19R00550213

HOUSING AUTHORITY OF THE CITY OF TACOMA
Management's Discussion and Analysis
December 31, 2015

The Housing Authority of the City of Tacoma (Housing Authority) is pleased to offer readers of the Housing Authority's financial statements this narrative overview and analysis of the financial activities of the Housing Authority for the year ended December 31, 2015. This Management's Discussion and Analysis (MD&A) should be read in conjunction with the Housing Authority's financial statements and the notes to the financial statements which follow.

The Housing Authority administers a broad range of federally and locally financed housing programs within the limits of the City of Tacoma. The Housing Authority owns or manages 1,440 units of housing and provides rental subsidies to about 4,000 additional households. The Housing Authority serves approximately 12,000 persons or about six percent of the City's residents. The majority of the Housing Authority's program participants have incomes below 30% of the area median income. Most of the people receiving assistance from the Housing Authority are elderly, disabled or minor children.

The financial performance discussed in the following analyses does not include tax credit partnerships. The tax credit partnerships, with 12 properties and 795 units, are owned by separate limited partnerships/corporations with the Housing Authority in the role of general partner/managing member. These separate legal entities are not included in the books of the Housing Authority but are listed as component units in the Housing Authority's financial statements and are detailed in portions of the notes to the financial statements (Notes 1, 2, 4, 5, 9, 12 and 13). With those exceptions, neither these units, nor their financial data, are included in the analyses and financial statements and notes to the financial statements that follow.

Financial Highlights

- The assets of the Housing Authority exceeded its liabilities at the close of the fiscal year by \$86.46 million (net position). Of this amount \$39.13 million is invested in capital assets, net of related debt (net investment in capital assets); \$3.78 million is restricted to meet externally imposed obligations (restricted net position); and \$43.55 million (unrestricted net position) is available to meet ongoing obligations to residents and creditors.
- Total net position decreased by \$2.13 million (2.4%) from the prior year. This decrease is mainly due to two factors: 1) A \$1.35 million increase in Net Investment in Capital Assets, which was primarily a direct consequence of purchasing the Outrigger Apartments; offset by 2) A \$3.68 million decrease in Unrestricted Net Position mainly due to implementing GASB Statements 68 and 71; for further detail, please refer to the Notes to the Financial Statements.
- The Housing Authority's total cash balances declined from the previous fiscal year by \$4.14 million (25.3%), primarily due to paying off the Capital Fund Financing Program (CFFP) bonds, purchasing the Outrigger Apartments, and extending a loan to the MLK New Look Apartments, a component unit of the Housing Authority. The Housing Authority's cash balance was \$12.23 million at the end of the fiscal year and of this amount, \$4.03 million was restricted.
- Construction in Progress increased by \$0.52 million (17.4%) largely due to work completed on the Housing Authority's conversion of its public housing units to project-based rental assistance under the Rental Assistance Demonstration (RAD) program.

- Total current liabilities shrank by \$9.38 million (78.2%) mostly due to paying off a \$8.71 million balance of a construction loan for the Bay Terrace I Apartments (2500 Yakima, LLLP) from Limited Partner contributions and grant proceeds in early 2015.
- Total noncurrent liabilities increased by \$8.06 million (23.9%) chiefly due to recording a net pension liability of \$5.97 million as part of implementing GASB Statements 68 and 71.
- Operating revenues declined by \$1.53 million (21.4%) in comparison to the prior year primarily due to a decrease in developer fees earned by the Housing Authority.
- Operating expenses rose by \$1.24 million (2.6%) in comparison to the prior year mostly due to increases in personnel costs for administration and maintenance. These increases were the direct result of changing how the Housing Authority handles the billing of its personnel costs for employees working in operations of its component units. In prior years these costs were treated as reimbursable expenditures that were zeroed out with reimbursements received from its component units. As part of the GASB Statement 68 implementation the Housing Authority began recording the reimbursements as contract revenues instead so as to ensure all pension expenses of the Housing Authority were reflected in its financial statements.
- Operating expenses were \$49.00 million, which includes \$29.35 million (or 59.9% of operating expenses) in Housing Assistance Payments made to landlords.

Overview of the Financial Statements

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

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

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

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

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

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

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

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

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

Condensed Government-wide Statements and Analysis of Overall Financial Position

The following table¹ summarizes the Statement of Net Position as of December 31, 2015 and 2014 for the Housing Authority.

CONDENSED STATEMENT OF NET POSITION		
	FY 2015	FY 2014
Assets		
Current and Other Assets	\$ 73,045,128	\$ 82,343,104
Capital Assets	57,939,891	51,997,507
Total Assets	130,985,019	134,340,611
Deferred Outflows of Resources		
Deferred Outflows Related to Pensions	817,683	-
Total Deferred Outflows of Resources	817,683	-
Liabilities		
Current Liabilities	2,614,220	11,996,292
Noncurrent Liabilities	41,820,335	33,760,724
Total Liabilities	44,434,555	45,757,016
Deferred Inflows of Resources		
Deferred Inflows Related to Pensions	910,028	-
Total Deferred Inflows of Resources	910,028	-
Net Position		
Net Investment in Capital Assets	39,134,469	37,787,110
Restricted	3,778,326	3,570,857
Unrestricted	43,545,324	47,225,628
Total Net Position	\$ 86,458,119	\$ 88,583,595

The Housing Authority's overall financial position weakened slightly during the fiscal year. Total net position decreased by \$2.13 million (2.4%), primarily due to implementation of GASB Statements 68 and 71 as mentioned above.

Current and Other Assets waned by \$9.30 million (11.3%) during the fiscal year primarily due to a \$7.78 million (76.5%) reduction in current Receivables from Component Units and a \$4.25 million drop (34.2%) in Unrestricted Cash. The reduction in current Receivable from Component Units was mostly brought about by the notes receivable balances for the Bay Terrace (2500 Yakima LLLP) for a construction loan being paid off, while the drop in Cash was principally the result of paying off the CFFP bonds, purchasing the Outrigger Apartments and extending a loan to the Housing Authority's MLK New Look component unit.

Capital Assets increased by \$5.94 million (11.4%) largely due to the purchase of the Outrigger Apartments (\$3.08 million), the completion of the Prairie Oaks Homeless Housing property (\$1.70 million), as well as the initial development costs for the conversion of the Housing Authority's public housing units to project-based rental assistance under the Rental Assistance Demonstration (RAD) program (\$1.33 million).

Current liabilities contracted by \$9.38 million (78.2%) predominantly due to the Bay Terrace construction financing maturing in 2015. The 2014 year-end \$8.71 million balance of this

¹ For more detailed information please see the Statement of Net Position.

construction financing was paid off in early April 2015 with limited partner equity contributions, a mortgage on the project and grant proceeds of the Housing Authority loaned to the project.

Current assets exceeded current liabilities by \$14.31 million for a current ratio of 6.47, which is an improvement from the prior year current ratio of 2.47 and largely the result of the aforementioned construction financing maturing in 2015. The current ratio is a measure of the ability to pay debts as they become due and generally, a current ratio of 1 or less suggests that obligations may not be paid when they are due.

The following table² summarizes the changes in net position for the FY 2015 and FY 2014 for the Housing Authority.

CONDENSED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION		
	<u>FY 2015</u>	<u>FY 2014</u>
Revenues		
Operating Revenue		
Tenant Revenue	\$ 2,948,316	\$ 3,510,062
Other Revenue	2,682,777	3,652,614
Non-Operating Revenue		
Operating Grants	44,315,278	42,913,587
Gain on Sale of Capital Assets	284,705	5,366,726
Investment Income	1,460,109	1,285,075
Total Revenue	<u>51,691,185</u>	<u>56,728,064</u>
Expenses		
Operating Expenses		
Administrative	9,389,745	7,996,155
Tenant Services	1,361,932	1,348,417
Utilities	734,809	733,234
Maintenance & Operations	2,772,530	2,669,683
Housing Assistance Payments	29,348,693	29,824,122
Other Operating Expenses	2,296,897	1,918,939
Depreciation and Amortization	3,094,465	3,265,661
Non-Operating Expenses		
Distributions to Other Governments	571,220	420,766
Distributions to Component Units	156,422	804,552
Interest	120,055	273,155
Total Expenses	<u>49,846,768</u>	<u>49,254,684</u>
Income (Loss) Before Contributions	<u>1,844,417</u>	<u>7,473,380</u>
Capital Grants and Contributions	<u>1,832,833</u>	<u>2,511,219</u>
Change in Net Position	<u>3,677,250</u>	<u>9,984,599</u>
Change in Accounting Principal	(6,002,416)	-
Prior Period Adjustment	199,690	-
Net Position - Beginning of Year	<u>88,583,595</u>	<u>78,598,996</u>
Net Position - End of Year	<u>\$ 86,458,119</u>	<u>\$ 88,583,595</u>

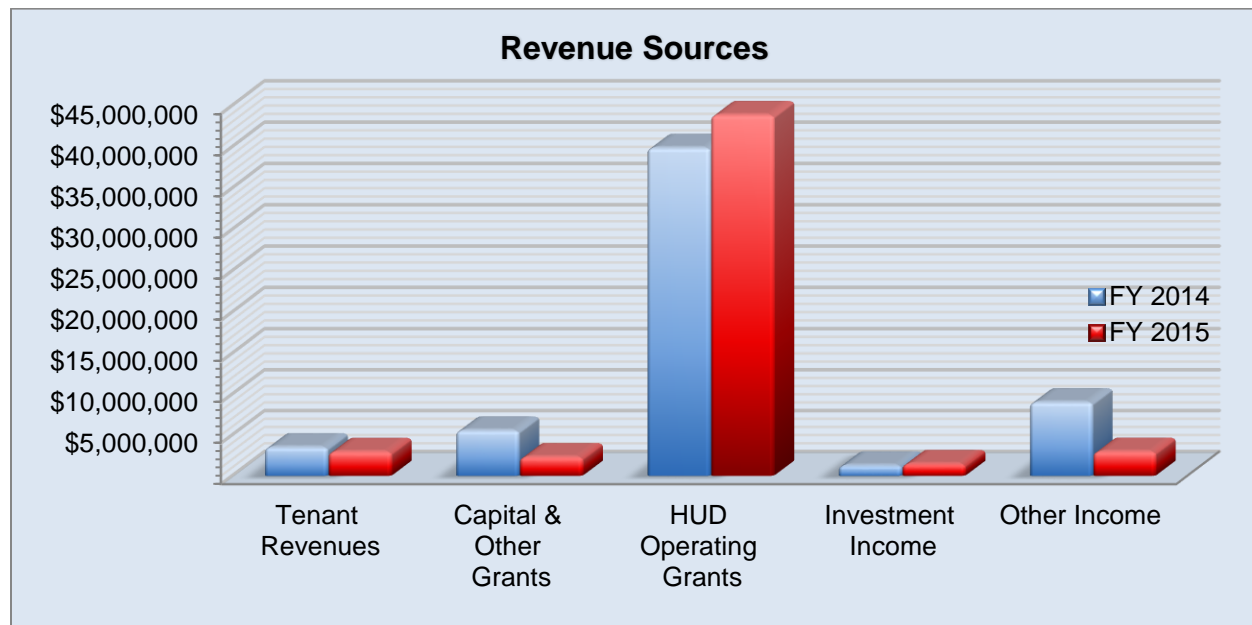
² For more detailed information please see the Statement of Revenues, Expenses, and Changes in Net Position

The best indicator of the differences between the two fiscal years is the Income (Loss) Before Contributions, which shows a decrease of \$5.63 million (75.3%). This change is chiefly attributable to a decrease of gains on sale of capital assets of \$5.08 million (94.7%). Prior year sales of capital assets peaked with the sale of Salishan Area 2B lots to a private developer (\$2.48 million gain) and the sale of the multi-family property Wedgewood Apartments (\$2.89 million gain). The current year only saw minimal sale activities of a few single-family homes.

During FY 2015 Tenant Revenues decreased by \$0.56 million (16.0%) due to the impact of the sale of the Wedgewood Apartments at the end of FY 2014. Other Revenue declined by \$0.97 million due to the absence of developer fee revenues in FY 2015.

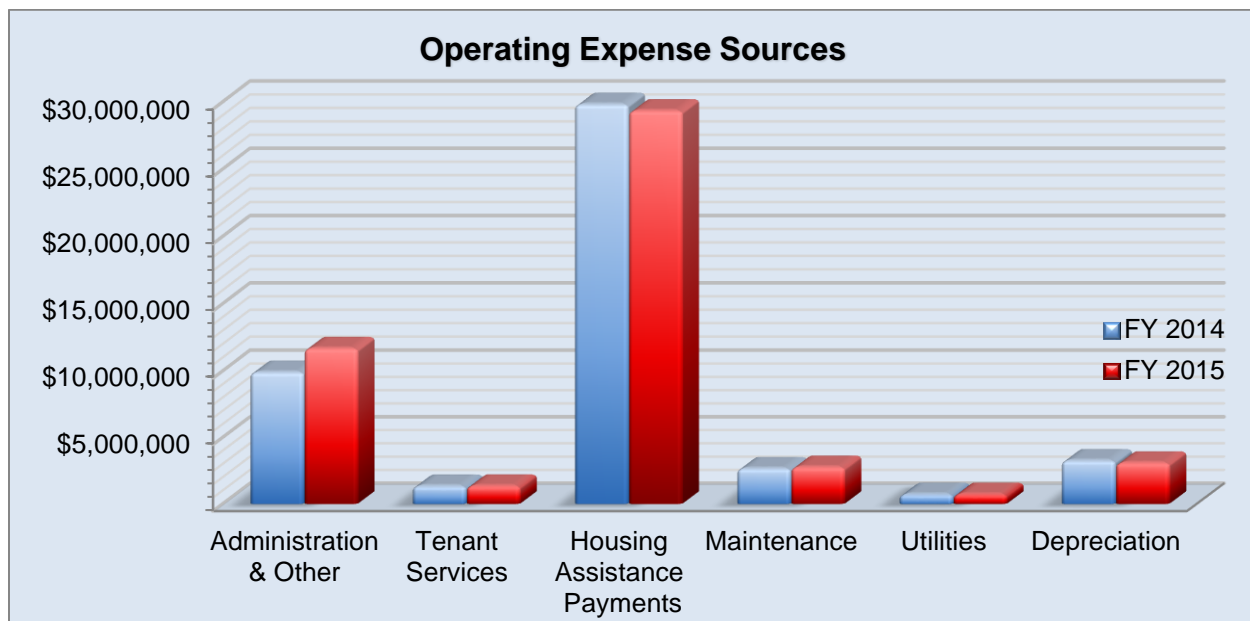
Administrative expenses grew by \$1.39 million (17.4%) primarily due to the change in recording the billing and reimbursement of personnel costs for the component units, as described previously.

Revenues are classified as operating, non-operating or capital grant contributions. The following graph illustrates a comparison of the sources of all revenues for FY 2015 and FY 2014.



Capital and Other Grants decreased by \$3.25 million (58.5%) principally due to an increase in state grants received and used for the Prairie Oaks Homeless Housing development (\$2.00 million) and for methamphetamine remediation (\$0.5 million) in the prior year. Other Income diminished by \$6.05 million (67.1%) due to the decreases in gains on sale of capital assets and the lack of developer fee revenues described above. HUD Operating Grants increased by \$3.98 million (10.0%) primarily due to using MTW grant monies to pay off the CFFP bonds as mentioned above.

Operating expenses are amounts paid for providing housing to the Housing Authority's tenants and administering the various housing and tenant assistance programs. The following graph shows a comparison of the operating expenses by type for FY 2015 and FY 2014.



Total operating expenses for FY 2015 expanded by \$1.24 million (2.6%), with the largest area of increase being the Administration and Other Expenses category with \$1.77 million (17.9%), offset by the largest area of decrease in the Housing Assistance Payments category with \$0.48 million (1.59%). The rise in Administration costs was due to the change in accounting for personnel costs for the component units, as discussed above. The decline in Housing Assistance Payments was in large part caused by a decline in the costs per voucher as the Housing Authority's efforts to reduce these cost through rent reform in the Housing Opportunity Program (HOP) were taking hold.

Capital Asset and Long-Term Liability Activity

Capital Assets

During FY 2015, the Housing Authority had the following significant changes in capital assets:

- Land increased by \$0.99 million primarily because of the purchase of the Outrigger Apartments.
- Construction-In-Progress grew by \$0.52 million mostly due to work completed on the Housing Authority's conversion of its public housing units to project-based rental assistance under the Rental Assistance Demonstration (RAD) program.
- Buildings increased by \$5.98 million due to the purchase of the Outrigger Apartments (\$1.88 million); the completion of two development projects: 1) the new 15-unit Prairie Oaks Homeless Housing property (\$2.87 million) and 2) the renovations of the Housing Authority's main Administration Building (\$1.56 million); and the sale of single family homes (\$0.33 million).
- Site Improvements rose by \$0.49 million as a result of the purchase of the Outrigger Apartments (\$0.13 million) and the completion of the Prairie Oaks Homeless Housing property (\$0.37 million).
- Intangible Assets increased by \$0.42 million as the Housing Authority began to engage in developing an agency-wide software product based on the Salesforce platform.

The following table³ summarizes the changes in capital assets between FY 2015 and FY 2014 for the Housing Authority.

Schedule of Changes in Capital Asset Balances			
	2015	2014	Net Change
Land	\$ 11,173,872	\$ 10,180,250	\$ 993,622
Construction-In-Progress	3,506,497	2,987,415	519,082
Buildings	65,801,046	59,819,033	5,982,013
Site Improvements	15,571,918	15,077,091	494,827
Machinery and Equipment	3,439,207	3,052,802	386,405
Intangible Assets	657,339	235,614	421,725
Totals	100,149,879	91,352,205	8,797,674
Accumulated Depreciation	(42,209,988)	(39,354,698)	(2,855,290)
Capital Assets, Net	\$ 57,939,891	\$ 51,997,507	\$ 5,942,384

Long-Term Liability Activity

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

- Outstanding Revenue Bonds were decreased by \$8.57 million (76.4%) above all due to the following factors: 1) \$8.71 million in bonds that were issued to finance the construction of the 74-unit Bay Terrace (2500 Yakima LLLP) property were retired using Limited (Investment) Partner equity contributions and grant proceeds; 2) \$2.50 million in Capital Funding Financing Program (CFFP) bonds were extinguished during FY 2015; and 3) \$2.65 million in bonds were issued for the purchase of the Outrigger Apartments.
- Outstanding Notes Payable rose by \$1.51 million (5.0%) chiefly due to the issuance of \$1.76 million in new notes payable for the construction of the Prairie Oaks Homeless Housing property.

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

The following table⁴ summarizes the changes in long-term liabilities (including current portions) between FY 2015 and FY 2014 for the Housing Authority.

Schedule of Changes of Long-Term Liabilities			
	<u>2015</u>	<u>2014</u>	<u>Net Change</u>
Revenue Bonds, Net	\$ 2,641,432	\$ 11,207,869	\$ (8,566,437)
Notes Payable	31,580,790	30,067,645	1,513,145
Net Pension Liability	5,971,191	4,392,867	1,578,324
Unearned Rev - Op Lease	980,834	995,100	(14,266)
Other	801,624	770,886	30,738
Total long-term liabilities	\$ 41,975,871	\$ 47,434,367	\$ (5,458,496)

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

Economic Factors Affecting the Housing Authority

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

During 2015 HUD funding for the MTW grants was below 100% of eligibility and is expected to continue to be underfunded in 2016 due to federal budget cuts. The following funding impacts were seen in 2015 and are expected for 2016:

- In 2015 HUD funded housing authority operating subsidy at 85.4% of eligibility. For 2016 funding for the operating subsidy is projected to be about 87.7% of eligibility.
- Similarly, the capital fund grants provided to housing authorities by HUD have over the past 10+ years been insufficient to meet the capital needs of most housing authorities and no increase in funding level is expected in the coming years.
- The administrative cost portion of the Section 8 funding was funded at 81.0% of eligibility during 2015 and is expected to be funded about 80.0% of eligibility for 2016.
- The Section 8 HAP funding was funded at 101.2% of eligibility during 2015 and is expected to be funded about 99.6% of eligibility for 2016.

The Housing Authority continues to plan to convert the ownership structure on certain public housing complexes from Housing Authority owned to ownership by partnerships under the Low Income Housing Tax Credit program. The federal income tax credits awarded to such partnerships allow the Housing Authority to obtain equity contributions to fund redevelopment and renovation activities and allow decreasing the dependency on HUD financing.

The Housing Authority is pursuing conversion of its public housing units to project-based Section 8 funding under the Rental Assistance Demonstration (RAD) program, which would allow for leveraging of private capital to meet physical needs of these projects. In 2015 the Housing Authority received from HUD a Commitment to enter into a Housing Assistance Payment (CHAP) for 809 of its public housing units. In April 2016 the Housing Authority converted the first 456 of

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

these 809 public housing units to project-based Section 8 funding, with the remaining units expected to be converted by the end of 2016.

Local inflationary, recessionary and employment trends can affect resident incomes and therefore the amount of rental incomes of the Housing Authority, as well as the amount of HAP paid by the Housing Authority. Average annual unemployment in the Tacoma, Washington area decreased from 7.0% in 2014 to 6.3% in 2015.⁵

Contacting the Housing Authority's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Housing Authority's finances and to demonstrate accountability for its resources. Any questions concerning the information presented here should be addressed to the Finance Director of the Housing Authority of the City of Tacoma. The Housing Authority's offices are located at 902 South L Street, Tacoma, WA 98405.

⁵ U.S. Bureau of Labor Statistics – www.bls.gov

Housing Authority of the City of Tacoma
Statement of Net Position
December 31, 2015

	Housing Authority	Component Units
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 8,200,009	\$ 1,088,194
Investments	1,630,170	-
Receivables (Net)		
HUD	34,035	-
Other Governments	295,292	-
Component Units	2,389,896	-
Tenants	62,669	119,003
Other	153,035	162,822
Prepaid Expenses	232,146	223,603
Restricted Assets		
Cash and Cash Equivalents		
Tenant Security Deposits	145,582	211,369
Replacement & Operating Reserves	369,850	7,131,884
Housing Assistance Payments (HAP)	295,236	-
Capital Projects	3,115,262	-
Total Current Assets	<u>16,923,182</u>	<u>8,936,875</u>
Noncurrent Assets		
Restricted Cash - FSS Escrows	107,963	10,306
Notes Receivable from Component Units	46,073,050	-
Interest Receivable from Component Units	9,690,004	-
Capital Assets		
Land	11,173,872	1,410,246
Construction In Progress	3,506,497	1,428,921
Buildings	65,801,046	122,977,216
Improvements Other than Buildings	15,571,918	10,085,433
Equipment	3,439,207	3,148,998
Intangible Assets	657,339	-
Accumulated Depreciation	(42,209,988)	(29,156,645)
Total Capital Assets (Net)	<u>57,939,891</u>	<u>109,894,169</u>
Other Receivable from Component Units	250,929	-
Other Assets	-	1,074,953
Total Noncurrent Assets	<u>114,061,837</u>	<u>110,979,428</u>
TOTAL ASSETS	<u>\$ 130,985,019</u>	<u>\$ 119,916,303</u>
DEFERRED OUTFLOW OF RESOURCES		
Deferred Outflows Related to Pensions	817,683	-
TOTAL DEFERRED OUTFLOW OF RESOURCES	<u>\$ 817,683</u>	<u>\$ -</u>

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

Housing Authority of the City of Tacoma
Statement of Net Position
December 31, 2015

	Housing Authority	Component Units
LIABILITIES		
Current Liabilities		
Accounts Payable	\$ 1,399,137	\$ 284,955
Accrued Liabilities	308,542	61,223
Intergovernmental Payables	3,780	-
Payable to Housing Authority	-	2,389,896
Current Portion of Long-Term Debt	126,518	664,183
Compensated Absences	14,751	-
Tenant Security Deposits	145,980	214,186
Unearned Revenue	484,744	29,755
Other Current Liabilities	130,768	175,604
Total Current Liabilities	<u>2,614,220</u>	<u>3,819,802</u>
Noncurrent Liabilities		
Compensated Absences	678,910	-
Long-Term Debt	34,095,704	9,226,202
Notes Payable to Housing Authority	-	46,073,050
Accrued Interest Payable to Housing Authority	-	9,690,004
Other Accrued Interest Payable	-	369,879
FSS Escrows	107,963	10,306
Unearned Revenue	966,567	-
Net Pension Liability	5,971,191	-
Other Payable to Housing Authority	-	250,929
Total Noncurrent Liabilities	<u>41,820,335</u>	<u>65,620,370</u>
TOTAL LIABILITIES	<u>\$ 44,434,555</u>	<u>\$ 69,440,172</u>
DEFERRED INFLOW OF RESOURCES		
Deferred Inflows Related to Pensions	910,028	
TOTAL DEFERRED INFLOW OF RESOURCES	<u>\$ 910,028</u>	<u>\$ -</u>
NET POSITION		
Net Investment in Capital Assets	39,134,469	52,978,286
Restricted for		
Replacement & Operating Reserves	369,850	7,131,884
Housing Assistance Payments	293,214	-
Capital Projects	3,115,262	
Unrestricted	43,545,324	(9,634,039)
TOTAL NET POSITION	<u>\$ 86,458,119</u>	<u>\$ 50,476,131</u>

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

Housing Authority of the City of Tacoma
Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended December 31, 2015

	Housing Authority	Component Units
OPERATING REVENUES		
Net Tenant Rental Revenue	\$ 2,712,658	\$ 5,464,823
Tenant Revenue - Other	235,658	696,177
Other Revenue	2,682,777	1,280,068
TOTAL OPERATING REVENUES	<u>5,631,093</u>	<u>7,441,068</u>
OPERATING EXPENSES		
Administration	9,389,745	1,449,470
Tenant Services	1,361,932	57,737
Utilities	734,809	785,984
Ordinary Maintenance and Operations	2,772,530	2,324,091
Housing Assistance Payments	29,348,693	-
Other Operating Expenses	2,296,897	1,592,671
Depreciation and Amortization	3,094,465	4,037,066
TOTAL OPERATING EXPENSES	<u>48,999,071</u>	<u>10,247,019</u>
OPERATING INCOME (LOSS)	<u>\$ (43,367,978)</u>	<u>\$ (2,805,951)</u>
NONOPERATING REVENUES (EXPENSES)		
HUD Subsidies and Grant Revenue	43,840,579	-
Other Government Grants	474,699	-
Distributions to Other Governments	(571,220)	-
Distributions to Component Units	(156,422)	-
Interest and Investment Income	1,460,109	27,303
Gain/(Loss) on Disposal of Capital Assets	284,705	-
Interest Expense	(120,055)	(2,053,500)
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>45,212,395</u>	<u>(2,026,197)</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS	<u>1,844,417</u>	<u>(4,832,148)</u>
CAPITAL GRANT CONTRIBUTIONS	1,832,833	-
PARTNER CONTRIBUTIONS	<u>-</u>	<u>5,993,193</u>
CHANGE IN NET POSITION	3,677,250	1,161,045
NET POSITION - BEGINNING OF YEAR	88,583,595	49,603,969
CHANGE IN ACCOUNTING PRINCIPLE - GASB 68	(6,002,416)	
PRIOR PERIOD ADJUSTMENT	199,690	(288,883)
NET POSITION - BEGINNING RESTATED	<u>82,780,869</u>	<u>49,315,086</u>
NET POSITION - END OF YEAR	<u>\$ 86,458,119</u>	<u>\$ 50,476,131</u>

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

Housing Authority of the City of Tacoma
Statement of Cash Flows
For the Year Ended December 31, 2015

	Housing Authority
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from Customers	\$ 2,325,492
Payments to Employees	(10,422,383)
Payments to Suppliers	(6,025,165)
Housing Assistance Payments	(29,348,693)
Other Receipts (Payments)	2,590,125 a)
NET CASH PROVIDED/(USED) BY OPERATING ACTIVITIES	<u>(40,880,624)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
HUD Operating Grants	43,797,528
Other Government Operating Grants	1,169,071
Distributions to Other Government	(571,220)
Distributions to Component Units	(156,422)
NET CASH PROVIDED/(USED) BY NONCAPITAL FINANCING ACTIVITIES	<u>44,238,957</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Capital Grant Contributions	1,837,542
Purchase and Construction of Capital Assets	(9,359,224)
Proceeds from Sale of Capital Assets	582,200
Proceeds from Issuance of Capital Debt	4,334,980 b)
Principal Payments on Capital Debt	(11,242,007) b) & c)
Interest Payments	(172,709)
NET CASH PROVIDED/(USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(14,019,218)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from Component Unit Loan Repayments	9,783,215 c)
Loans to Component Units	(3,547,392)
Investment Income - Loans	226,703
Investment Income - Other	58,486
Purchase of Investments	(2,675)
NET CASH PROVIDED/(USED) BY INVESTING ACTIVITIES	<u>6,518,337</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(4,142,548)
CASH AT BEGINNING OF YEAR	16,376,450
CASH AT END OF YEAR	<u><u>\$ 12,233,902</u></u>

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

Housing Authority of the City of Tacoma
Statement of Cash Flows
For the Year Ended December 31, 2015

RECONCILIATION OF OPERATING INCOME/(LOSS) TO NET CASH PROVIDED/(USED) BY
OPERATING ACTIVITIES

Operating Income (Loss)	\$ (43,367,978)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided/(Used):	
Depreciation Expense & Amortization	3,094,465
Changes in Assets and Liabilities:	
Decrease (Increase) in Receivables	(387,963)
Decrease (Increase) in Prepaid Expenses	(114,799)
Decrease (Increase) in Deferred Outflows	(510,283)
Increase (Decrease) in Accounts Payable	(312,309)
Increase (Decrease) in Other Payables	146,840
Increase (Decrease) in Net Pension Liability	1,578,324
Increase (Decrease) in Deferred Inflows	(1,006,921)
Total Adjustments	<u>2,487,354</u>
NET CASH PROVIDED/(USED) BY OPERATING ACTIVITIES	<u><u>\$ (40,880,624)</u></u>

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

- a) Excludes \$142,427 in purchases and \$425,477 sales of assets held for sale that were paid for by the City of Tacoma and reimbursed to the City once sold
- b) Excludes \$142,427 in debt issuances and \$425,477 in principal payments for the assets held for sale described under a)
- c) Excludes \$51,934 reduction of notes receivable from Component Units offset with a reduction of notes payable to lenders by the Housing Authority for loans reloaned and serviced by the Component Units

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

HOUSING AUTHORITY OF THE CITY OF TACOMA
Notes to Financial Statements
For the Year Ended December 31, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The significant accounting policies are described below.

a. Reporting Entity

The Housing Authority was created on August 16, 1940 as a municipal corporation under the provisions of the State Housing Authorities Law (RCW 35.82) and the Housing Cooperation Law (RCW 35.83) in response to the Federal Housing Act of 1937. The Housing Authority is governed by a five member Board of Commissioners, appointed by the Mayor of the City of Tacoma.

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

Discretely presented component units

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

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

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

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

- MLK New Look, LLC – A Washington state limited liability company formed in March 1999 to acquire, develop, own and operate a 49-unit property known as MLK New Look Apartments situated in Tacoma, Washington. In accordance with the provisions of the Second Amended and Restated Operating Agreement dated September 29, 2015, the Housing Authority is the Special Member, the Housing Authority's blended component unit – Tacoma Housing Development Group – is the Managing Member, Oregon Equity Fund IV Limited Partnership is the Investor Member, and Martin Luther King Housing Development Association, Inc. is the Withdrawing Member.
- 2500 Court G, LLLP – A Washington state limited liability limited partnership formed in September 2011 to acquire, construct, rehabilitate, develop, repair, improve, maintain, operate, manage, lease, dispose of, and otherwise deal with a 74-unit property known as Bay Terrace Apartments II situated in Tacoma, Washington. In accordance with the provisions of the First Amended and Restated Partnership Agreement dated April 19, 2016 the Housing Authority is the General Partner, Tacoma Housing Development Group is the Withdrawing Limited Partner, RBC-Bay Terrace II, LLC is the Limited Partner, and RBC Tax Credit Manager II, Inc. is the Special Limited Partner.

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

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

Blended component unit

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

THDG has a December 31 year-end and its financial statements are presented as of December 31, 2015. The financial statements of this blended component unit are not audited separately.

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

b. Basis of Accounting and Presentation

The accounting records of the Housing Authority are maintained and reported in accordance with methods prescribed by the State Auditor under the authority of Chapter 43.09 RCW and the Federal Department of Housing and Urban Development. The Housing Authority must report using GAAP; however, it has the option to use either the single enterprise proprietary fund or special-purpose governmental fund model.

The Housing Authority has elected to report as a single enterprise proprietary fund and uses the accrual basis of accounting. The measurement focus is on the flow of economic resources. The proprietary fund

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

Low Income Public Housing – The Housing Authority owns, operates and maintains 10 properties (including 7 properties for elderly) consisting of 490 units of public housing. The Housing Authority also is the General Partner/Managing Member in the twelve component unit properties listed above consisting of 795 units of which 353 are public housing units. The program offers income-based rent for elderly, disabled and single families who qualify under the low-income guidelines. Typically residents pay 30% of their adjusted income in rents. Revenues for the properties consist of rents, other fees collected from tenants and an operating subsidy received from HUD. The Housing Authority's operating subsidy is received under an Annual Contributions Contract to offset the cost of operating the units. HUD also provides funds to maintain and improve the public housing projects under the Capital Fund Program. Substantially all additions and improvements to Housing Authority owned land, structures and equipment of public housing are accomplished through these capital grant funds.

Tenant-Based Housing Choice Vouchers – The Housing Authority provides rental assistance payments to about 3,400 households who live in private rental housing. Funded by HUD pursuant to Section 8 of the U.S. Housing Act, this program allows participating families and individuals to choose their own housing maintained and managed by private landlords and subsidized with the use of a housing voucher. Generally the participants pay up to 30% of their income towards rent and the Housing Authority pays the remainder. The Housing Authority targets this program to the elderly, disabled households and families that are homeless or at the risk of homelessness.

Project-Based Section 8 Housing – Under this program, subsidies are assigned to qualifying housing units rather than to qualifying individuals or families. The Housing Authority manages the subsidy payments under the Section 8 Moderate Rehabilitation Single Room Occupancy program for 42 units at Jefferson Apartments owned by Tacoma Rescue Mission, and 40 units at South Yakima and Campbell Court Apartments owned by the Tacoma Metro Development Council. Additionally, the Housing Authority manages the payments of 279 project-based vouchers in its discretely presented component units (Hillside Terrace, Salishan and Bay Terrace properties), 90 project-based vouchers in the Housing Authority's Salishan Seven property and 365 project-based vouchers in projects owned by various non-profit organizations.

Non-Subsidized Housing – In addition to the above listed subsidized housing programs, the Housing Authority also develops, owns and operates non-subsidized housing. The Housing Authority's current non-subsidized housing portfolio was financed using tax-exempt revenue bonds. State laws governing this type of financing require that fifty percent of the housing be affordable housing. The Housing Authority owns the 49-unit Outrigger Apartments, the 15-unit Prairie Oaks Condominium and as of December 2015 sold 3 of 10 single-family homes that are non-subsidized housing.

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

Moving to Work - The Housing Authority, recognized by HUD as a high-performing housing authority, was selected to participate in HUD's Moving to Work (MTW) Demonstration Program effective August 23rd, 2010. The program allows the Housing Authority an exemption from certain parts of Section 8 and 9 of the Housing Act of 1937, and to reallocate HUD funding received for public housing and housing choice voucher programs in accordance with the MTW agreement and annual MTW plans approved by HUD.

Proprietary funds are used to account for activities that are operated in a manner similar to private enterprise business. Under this method revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of related cash flows. Capital asset purchases are capitalized and long-term liabilities are accounted for in the fund.

c. Cash and Cash Equivalents

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

d. Investments

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

e. Receivables

Accounts receivable consist primarily of amounts due from tenants for rent and other charges, cost reimbursements due from grantors, and notes and interest receivable from tax-credit partnerships for development funds loaned to them. Annually, tenant receivable balances are analyzed and the allowance for doubtful accounts is estimated and adjusted in accordance with historical experience. Other receivable allowances are established for uncertain collectibles. No allowances existed at December 31st, 2015, other than the allowance for tenant accounts receivable.

f. Prepaid Expenses

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

g. Restricted Assets

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

h. Capital Assets

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

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

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

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

See [Note 5](#) for the capital asset components and balances at December 31, 2015 and activity for the fiscal year.

i. Deferred Outflows/Inflows of Resources

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

j. Compensated Absences

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

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

k. Unearned Revenue

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

The Housing Authority received operating lease payments from Salishan Senior Housing for the lease of land and recognizes the lease payments over the lease term while showing the unearned lease payments as unearned revenue. The operating grant payments were paid by grantors and will be recognized as revenue in the following fiscal year when the related qualifying expenditures occur. Unearned tenant rent payments were received at year-end before they were due.

I. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of all state sponsored pension plans and additions to/deductions from those plans' fiduciary net position have been determined on the same basis as they are reported by the Washington State Department of Retirement Systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. See [Note 11](#) for more details.

m. Tax Exemption

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

n. Operating Revenues/Expenses

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

o. Use of Estimates

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

p. New Accounting Standards Adopted

During the fiscal year ended December 31, 2015, two new accounting standards issued by the GASB became effective and were implemented by the Housing Authority where necessary or applicable, as follows:

- Statement No. 68, Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27, effective for financial statement periods beginning after June 15, 2014. The impact of this statement is shown in the Statement of Revenues, Expenses and Changes in Net Position as a Change in Accounting Principle – GASB 68 and is further described in Note 2.
- Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68, effective for financial statement periods beginning after June 15, 2014. Provisions of this statement were applied simultaneously with the provision of Statement No. 68 and impact is the same as that described for Statement No. 68.

NOTE 2 – PRIOR PERIOD ADJUSTMENTS

a. Change in Accounting Principle

As a result of implementing GASB Statements No. 68 and 71:

- An adjustment of (\$4,392,867) was recognized to establish the Housing Authority's proportionate share of Net Pension Liability of the Washington State pension plans it participates in as of the plan measurement date of June 30, 2014.
- An adjustment of (\$1,916,949) was recognized to establish the Housing Authority's proportionate share of Deferred Inflows Related to Pensions of the Washington State pension plans it participates in as of the measurement date of June 30, 2014.
- An adjustment of \$307,400 was recognized to establish the Housing Authority's Deferred Outflows Related to Pensions for contributions made subsequent to the measurement date of June 30, 2014 through December 31st, 2014.

b. Other Prior Period Adjustments

Housing Authority

- An adjustment of (\$89,193) was recognized for a loan balance that was mistakenly recognized as grant revenue in the prior year on an award from the Washington State Department of Commerce for the Prairie Oaks Property that consisted of both a loan and grant component.
- An adjustment of \$288,883 was recognized for an increase in long-term interest receivable balance from Salishan Four, LLC, a component unit of the Housing Authority. In prior years (2007 – 2014) the interest was recorded as simple interest, as is standard for loans made by the Housing Authority to its component units. During an in-depth review of the formation documents by the Investor Member of Salishan Four, LLC it was discovered that the interest on the loan should have been compounded instead.

Discretely Presented Component Units

- An adjustment of (\$288,883) was recognized for an increase in long-term interest payable balance to the Housing Authority, as described above.

NOTE 3 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

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

NOTE 4 – DEPOSITS AND INVESTMENTS

a. Deposits

The Housing Authority's deposits are entirely covered by Federal Depository Insurance Corporation (FDIC) or by collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission (PDPC), established under Chapter 39.58 of the Revised Code of Washington. Deposits that are in excess of the FDIC insured amount are secured by collateral through the Washington State Public Deposit Protection Act, which was adopted in 1969. Under the Washington State Public Deposit Protection Act, each public depository is required to contribute to a common pool of pledged securities. In the event of default of one bank, all participating banks in

Washington State will collectively assure that no loss of funds will be suffered by any public treasurer or custodian of public funds.

Custodial Credit Risk

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

b. Investments

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

The LGIP is managed by the State Treasurer's office and is not registered with the SEC as an investment company. The LGIP is operated in a manner consistent with Rule 2a-7 money market funds, as regulated by the Securities and Exchange Commission. Rule 2a-7 funds are limited to high quality obligations with limited maximum and average maturities to minimize both market and credit risk. Government pools that adhere to this SEC rule can report their investments at amortized costs if the remaining maturities of the debt securities are 60 days or less. As of December 31, 2015, the pool had weighted average maturities of 35 days and therefore is reported at amortized cost.

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

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Housing Authority's policy for reducing its exposure to credit risk is to comply with HUD authorized investment instruments and Washington State law which limit investments to low risk investment instruments. In line with Washington State laws, the Local Government Investment Pool (LGIP) investment policy limits the types of securities available for investment to obligations of the U.S. government or its agencies, obligations of government-sponsored corporations, banker's acceptances, commercial paper, deposits with qualified public depositories, or obligations of the state of Washington or its political subdivisions. Banker's acceptances and commercial paper must be rated with the highest short-term credit rating of any two Nationally Recognized Statistical Rating Organizations (NRSROs) at the time of purchase. The aggregate total of commercial paper and banker's acceptances is limited to 35% of the portfolio. As of December 31, 2015, the LGIP did not have any banker's acceptances, commercial paper, or municipal bonds in its portfolio.

The Housing Authority's investments as of December 31, 2015 did not consist of any NRSRO rated investments.

Investment Type	Fair Value	Quality Ratings			
		AAA	AA	A	Unrated
Washington State Local Government Investment Pool	\$ 1,630,170	\$ -	\$ -	\$ -	\$ 1,630,170
Total	<u>\$ 1,630,170</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,630,170</u>

Custodial Credit Risk

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

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Housing Authority's policy for managing its exposure to fair value losses is to engage in investment practices that limit the maximum maturity of variable rate investments to not greater than two years. All investments held by the Housing Authority as of December 31, 2015 had maturities less than one year.

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

c. Discretely Presented Component Unit Deposits

As of December 31, 2015, the discretely presented component units' carrying amount of deposits was \$8,230,384. These deposits are entirely covered by Federal Depository Insurance Corporation (FDIC) or by collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission (PDPC), established under Chapter 39.58 of the Revised Code of Washington. Deposits that are in excess of the FDIC insured amount are secured by collateral through the Washington State Public Deposit Protection Act, which was adopted in 1969. Under the Washington State Public Deposit Protection Act, each public depository is required to contribute to a common pool of pledged securities. In the event of default of one bank, all participating banks in Washington State will collectively assure that no loss of funds will be suffered by any public treasurer or custodian of public funds.

NOTE 5 – CAPITAL ASSETS

Capital asset activity for the Housing Authority for the year ended December 31, 2015 was as follows:

Housing Authority					
	Balance 1/1/2015	Additions	Transfers	Disposals	Balance 12/31/2015
Capital assets not being depreciated					
Land	\$ 10,180,250	\$ 1,032,098	\$ 480	\$ (38,956)	\$ 11,173,872
Construction-In-Progress	2,987,415	5,749,670	(5,078,737)	(151,851)	3,506,497
Total capital assets not being depreciated	13,167,665	6,781,768	(5,078,257)	(190,807)	14,680,369
Capital assets being depreciated					
Buildings	59,819,033	1,876,635	4,434,955	(329,577)	65,801,046
Improvements other than Buildings	15,077,091	127,053	367,774	-	15,571,918
Equipment	3,052,802	182,146	275,528	(71,269)	3,439,207
Intangible Assets	235,614	421,725	-	-	657,339
Total capital assets being depreciated	78,184,540	2,607,559	5,078,257	(400,846)	85,469,510
Less accumulated depreciation	(39,354,698)	(3,094,465)	-	239,175	(42,209,988)
Total capital assets being depreciated, net	38,829,842	(486,906)	5,078,257	(161,671)	43,259,522
TOTAL CAPITAL ASSETS, NET	\$ 51,997,507	\$ 6,294,862	\$ -	\$ (352,478)	\$ 57,939,891

Preliminary costs incurred for proposed projects are expensed until a project completion becomes feasible. Costs relating to projects ultimately constructed are capitalized to the project; charges that relate to abandoned projects are expensed.

During the year ended December 31, 2015 the Housing Authority incurred interest costs related to the construction of the Prairie Oaks Condominium and capitalized all interest (\$5,189) during construction.

Capital asset activity for the Discretely Presented Component Units for the year ended December 31, 2015 was as follows:

Discretely Presented Component Units

	Balance 1/1/2015	Additions	Transfers	Disposals	Balance 12/31/2015
Capital assets not being depreciated					
Land	\$ 805,823	\$ 604,423	\$ -	\$ -	\$ 1,410,246
Construction-In-Progress	-	1,428,921	-	-	1,428,921
Total capital assets not being depreciated	805,823	2,033,344	-	-	2,839,167
Capital assets being depreciated					
Buildings	118,407,105	4,578,983	-	(8,872)	122,977,216
Improvements other than Buildings	10,011,486	73,947	-	-	10,085,433
Equipment	2,980,712	168,286	-	-	3,148,998
Total capital assets being depreciated	131,399,303	4,821,216	-	(8,872)	136,211,647
Less accumulated depreciation	(22,856,200)	(6,300,445)	-	-	(29,156,645)
Total capital assets being depreciated, net	108,543,103	(1,479,229)	-	(8,872)	107,055,002
TOTAL CAPITAL ASSETS, NET	\$ 109,348,926	\$ 554,115	\$ -	\$ (8,872)	\$ 109,894,169

The additions of construction in progress for the discretely presented component units relates to the construction of the 2500 Court G LLLP property. The additions of land, buildings, improvements and equipment are attributable to the purchase of the partnership interest in the MLK New Look, LLC property.

NOTE 6 – CONSTRUCTION IN PROGRESS

Construction-In-Progress represents expenses to date on projects for which authorizations total \$116,458,175. Construction-In-Progress consists of the following:

	Project Authorization	Expended through 12/31/2015	Committed	Required Future Financing
902 S L Str Improvements	1,800,000	1,703,959	96,041	-
9 Homes & N Shirley Improvements	445,575	430,555	15,020	-
2500 Court G LLLP (Bay Terrace II)	22,519,440	2,076,585	20,442,855	-
Bay Terrace, Phase III	513,285	513,285	-	-
Renew Tacoma RAD Project	90,459,875	1,327,972	89,131,903	-
Bergerson Terrace Improvements	720,000	685,009	34,991	-
	<u>\$ 116,458,175</u>	<u>\$ 6,737,365</u>	<u>\$ 109,720,810</u>	<u>\$ -</u>
902 S L Str Improvements Placed in Service		(1,703,959)		
9 Homes & N Shirley Impr Placed in Service		(97,988)		
Transferred to 2500 Court G, LLLP (Component Unit)		<u>(1,428,921)</u>		
Net Construction-In-Progress		<u>\$ 3,506,497</u>		

NOTE 7 – NOTES RECEIVABLE

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

Schedule of Notes Receivable Balances

Description and Terms	Rate	Noncurrent Notes Receivable	Current Notes Receivable	Interest	Total
Financing Loan to Hillside Terrace I, LLP Balance due December 18, 2047	0.00%	\$ 1,893,162	\$ -	\$ -	\$ 1,893,162
Construction/Permanent (CDBG) Loan to Hillside Terr. I, LLP Payments subject to residual receipts Balance due December 1, 2042	0.00%	176,050	-	-	176,050
Operating Deficit Loan to Hillside Terrace I, LLP Payments subject to residual receipts Balance due December 1, 2018	0.00%	278,363	-	-	278,363
Financing Loan to Hillside Terrace II, LLP Interest payments subject to residual receipts Balance due March 4, 2058	4.94%	442,994	-	318,086	761,080
Construction/Permanent (CTED) Loan to Hillside Terr. II, LLP \$2,688 Quarterly from 4/1/2005 to 4/1/2044	3.00%	204,390	3,414	-	207,804
Operating Deficit Loan to Hillside Terrace II, LLP Payments subject to residual receipts Balance due December 1, 2019	0.00%	88,523	-	-	88,523
Financing Loan (A) to Hillside Terrace 1500 Block, LLP Payments subject to residual receipts Balance due May 5, 2060	4.94%	510,000	-	228,214	738,214
Financing Loan (B) to Hillside Terrace 1500 Block, LLP Payments subject to residual receipts Balance due May 5, 2055	0.50%	452,418	-	19,712	472,130
Operating Deficit Loan to Hillside Terrace 1500 Block, LLP Payments subject to residual receipts Balance due December 1, 2020	0.00%	113,401	-	-	113,401
Financing Loan (A) to Salishan One, LLC Payments subject to residual receipts Balance due December 31, 2059	5.34%	2,381,557	-	1,607,784	3,989,341
Financing Loan (B) to Salishan One, LLC Payments subject to residual receipts Balance due December 31, 2059	4.00%	750,000	-	328,932	1,078,932
Construction/Permanent (AHP) Loan to Salishan One, LLC Balance due January 13, 2045	0.10%	629,910	-	6,530	636,440
Construction/Permanent (HTF) Loan to Salishan One, LLC \$1,875 Quarterly from 5/31/07 to 2/28/21 \$14,849 Quarterly from 5/31/21 to 2/28/46	0.00% 0.50%	1,426,875	7,500	-	1,434,375
Financing Loan (A) to Salishan Two, LLC Payments subject to residual receipts Balance due December 31, 2059	5.34%	1,328,845	-	1,339,937	2,668,782
Financing Loan (B) to Salishan Two, LLC Payments subject to residual receipts Balance due December 31, 2059	4.00%	400,000	-	175,430	575,430

Schedule of Notes Receivable Balances (continued)

Description and Terms	Rate	Noncurrent Notes Receivable	Current Notes Receivable	Interest	Total
Construction/Permanent (AHP) Loan to Salishan Two, LLC Balance due January 13, 2045	0.10%	629,910	-	6,530	636,440
Construction/Permanent (HTF) Loan to Salishan Two, LLC \$1,875 Quarterly from 10/31/07 to 7/31/21 \$14,849 Quarterly from 10/31/21 to 7/31/46	0.00% 0.50%	1,430,625	7,500	-	1,438,125
Financing Loan (A) to Salishan Three, LLC Payments subject to residual receipts Balance due November 1, 2060	4.90%	3,868,514	-	1,351,324	5,219,838
Construction/Permanent (AHP) Loan to Salishan Three, LLC Balance due March 31, 2060	5.21%	629,910	-	305,705	935,615
Construction/Permanent (HTF) Loan to Salishan Three, LLC \$1,875 Quarterly from 3/31/08 to 12/31/21 \$14,849 Quarterly from 3/31/22 to 12/31/46	0.00% 0.50%	1,432,500	7,500	-	1,440,000
Financing Loan to Salishan Four, LLC Payments subject to residual receipts Balance due June 30, 2064	6.85%	3,270,461	-	1,789,285	5,059,746
Construction/Permanent (HTF) Loan to Salishan Four, LLC \$1,875 Quarterly from 6/30/10 to 3/31/24 \$14,849 Quarterly from 6/30/24 to 3/31/49	0.00% 0.50%	1,449,375	7,500	-	1,456,875
Construction/Permanent (HOME) Loan to Salishan Four, LLC No interest or principal due Balance due June 30, 2049	0.00%	1,000,000	-	-	1,000,000
Construction/Permanent (SHB 2060) Loan to Salishan Four, LLC No interest or principal due Balance due June 30, 2049	0.00%	300,000	-	-	300,000
Financing Loan to Salishan Five, LLC Payments subject to residual receipts Balance due June 30, 2063	5.50%	3,897,822	-	967,333	4,865,155
Construction/Permanent (HTF) Loan to Salishan Five, LLC \$1,875 Quarterly from 3/31/11 to 12/31/24 \$14,849 Quarterly from 3/31/25 to 12/31/49	0.00% 0.50%	1,455,000	7,500	-	1,462,500
Construction/Permanent (United Way) Loan to Salishan Five, LLC No interest or principal due Balance due June 30, 2063	0.00%	190,000	-	-	190,000
Construction/Permanent (SHB 2060) Loan to Salishan Five, LLC No interest or principal due Balance due June 30, 2063	0.00%	213,308	-	-	213,308
Operating Deficit Loan to Salishan Five, LLC Payments subject to residual receipts Balance due June 30, 2023	0.00%	63,000	-	-	63,000
Financing Loan to Salishan Six, LLC Payments subject to residual receipts Balance due October 15, 2065	11.85%	981,090	-	516,609	1,497,699
Construction/Permanent (HTF) Loan to Salishan Six, LLC \$2,500 Quarterly from 6/30/11 to 3/31/25 \$19,798 Quarterly from 6/30/25 to 3/31/50	3.00% 3.00%	1,942,500	10,000	366,960	2,319,460

Schedule of Notes Receivable Balances (continued)

Description and Terms	Rate	Noncurrent Notes Receivable	Current Notes Receivable	Interest	Total
Construction/Perm (United Way & HOME) Loan to Salishan Six, LLC Payments subject to residual receipts Balance due October 15, 2065	9.35%	\$ 510,000	\$ -	\$ 173,580	\$ 683,580
Financing Loan (CFP) to Salishan Six, LLC Payments subject to residual receipts Balance due October 15, 2065	9.35%	404,030	-	155,604	559,634
Construction/Perm Loan (MTW) to 2500 Yakima, LLLP Payments subject to residual receipts Balance due April 3, 2068	0.75%	6,260,995	-	80,792	6,341,787
Construction/Perm (HTF) Loan to 2500 Yakima, LLLP \$2,513 Quarterly Interest Only from 8/31/14 to 5/31/34 \$26,418 Quarterly from 8/31/34 to 5/31/54	0.50%	2,010,019	-	-	2,010,019
Construction/Perm (HOME) Loan to 2500 Yakima, LLLP No interest or principal due Balance due April 2, 2053	0.00%	1,065,342	-	-	1,065,342
Subsidy Reserve Loan to 2500 Yakima, LLLP No interest or principal due Balance due April 3, 2029	0.00%	532,604	-	-	532,604
Developer Fee Receivable from 2500 Yakima, LLLP No interest or principal due Balance due December 31, 2028	0.00%	314,968	154,561	-	469,529
Construction Advance to 2500 Court G, LLLP No interest due Balance due 12/31/16	0.00%	-	1,428,921	-	1,428,921
Refinancing Loan to MLK New Look, LLC \$8,773 Monthly principal & Interest Balance due December 1, 2040	7.75%	1,144,589	15,899	7,496	1,167,984
TOTALS		\$ 46,073,050	\$ 1,650,295	\$ 9,745,843	\$ 57,469,188

The maturity schedule for the Notes Receivable as of December 31, 2015 follows.

Maturity Schedule for Notes Receivable			
Year Ending December 31	Principal	Interest	Total
2016	\$ 1,650,296	\$ 104,081	\$ 1,754,377
2017	347,712	104,234	451,946
2018	159,394	102,712	262,106
2019	72,507	101,076	173,583
2020	187,668	99,315	286,983
2021 - 2025	1,225,774	574,380	1,800,154
2026 - 2030	2,784,377	574,449	3,358,826
2031 - 2035	2,224,266	430,422	2,654,688
2036 - 2040	2,751,081	231,080	2,982,161
2041 - 2045	3,652,024	127,270	3,779,294
2046 - 2050	4,744,551	1,519,601	6,264,152
2051 - 2055	1,884,169	112,152	1,996,321
2056 - 2060	10,311,820	28,408,458	38,720,278
2061 - 2065	9,466,712	147,663,358	157,130,070
2066 - 2070	6,260,995	2,534,673	8,795,668
Total	<u>\$ 47,723,346</u>	<u>\$ 182,687,261</u>	<u>\$ 230,410,607</u>

NOTE 8 – LEASES

Operating Leases

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

1. In 2006 the Housing Authority entered into a land leasing agreement with the Korean Women's Association (KWA), a non-profit organization. KWA built a HUD-202 Senior Living Facility on the Housing Authority's land. The ground lease is for 50 years, with one 25-year extension. At the end of the lease the property reverts back to the Housing Authority. All of the lease payments (\$1 per year) have been paid in advance.
2. The Housing Authority leases land to each of its discretely presented component units (see [Note 1](#)). The ground leases are for periods between 89 and 99 years. At the end of the lease the property reverts back to the Housing Authority. The annual lease payments are \$1 for each of the discretely presented component units.
3. In 2009 the Housing Authority entered into a land leasing agreement with Salishan Senior Housing (SSH), a non-profit organization. SSH built a HUD-202 Senior Living Facility on the Housing Authority's land. The ground lease is for 50 years, with one 25-year extension. At the end of the lease, the property reverts back to the Housing Authority. All of the lease payments totaling \$1,070,000 have been paid in advance. The Housing Authority is recognizing the rent revenue over the lease term and unearned lease payments are shown as unearned revenue. Unearned rental revenue as of December 31, 2015, consisted of \$966,567 noncurrent unearned revenues and \$14,267 current unearned revenues.

The Housing Authority has as lessee entered into lease agreements for various office equipment. Total cost for such leases was \$106,098 for the year ended December 31, 2015. The commitments under these leases are as follows:

1. The Housing Authority's lease agreement for copiers and printers is for annual calendar year periods and can optionally be extended for one-year periods in January of each year.

Consequently there were no minimum lease payments remaining on this lease agreement for the year ended December 31, 2015.

2. The Housing Authority's lease agreements for postage meters are non-cancelable operating leases. The future minimum lease payments for these leases are as follows:

Year Ending December 31	Amount
2016	3,620
Total	<u>\$ 3,620</u>

NOTE 9 – LONG-TERM DEBT AND LIABILITIES

Long-Term Debt

Housing Authority

a. Revenue Bonds:

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

The revenue bonds outstanding as of December 31, 2015 are as follows:

Purpose / Property	Original Amount	Date Issued	Final Maturity	Interest Rate	Amount Outstanding
Outrigger Apartments	2,652,000	10/8/2015	10/31/2025	3.00% ¹⁾	2,641,432
Total	<u>\$ 2,652,000</u>				<u>\$ 2,641,432</u>

¹⁾ Rate subject to possible increase 10/8/2022

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

Year Ending December 31	Principal	Interest	Total
2016	\$ 55,128	\$ 79,799	\$ 134,927
2017	57,054	77,873	134,927
2018	58,814	76,113	134,927
2019	60,628	74,299	134,927
2020	62,294	72,634	134,928
2021 - 2025	2,347,514	321,996	2,669,510
Total	<u>\$ 2,641,432</u>	<u>\$ 702,714</u>	<u>\$ 3,344,146</u>

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

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

b. Notes Payable

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

The Notes Payable outstanding as of December 31, 2015 were:

Purpose / Property	Original Amount	Date Issued	Final Maturity	Interest Rate	Amount Outstanding
Windstar Acq.&Rehab-CTED	\$ 417,298	12/1/1994	12/1/2044	1.00%	\$ 266,972
Hillside Terr I - CDBG Loan	176,050	12/18/2002	12/1/2042	0.00%	176,050
Hillside Terr II - CTED	250,000	2/1/2005	4/1/2044	3.00%	207,804
Hillside Terr 1500 - SHB 2060	316,166	6/17/2004	6/16/2034	0.00%	316,166
Salishan I - Housing Trust Fund	1,500,000	12/23/2004	2/28/2046	0 - 0.5%	1,434,375
Salishan II - Housing Trust Fund	1,500,000	12/23/2004	7/31/2046	0 - 0.5%	1,438,125
Salishan III - Housing Trust Fund	1,500,000	11/2/2005	12/31/2046	0 - 0.5%	1,440,000
Salishan IV - Housing Trust Fund	1,500,000	6/21/2007	3/31/2049	0 - 0.5%	1,456,875
Salishan IV - HOME Loan	1,000,000	6/28/2007	6/28/2047	0.00%	1,000,000
Salishan IV - SHB 2060 Loan	300,000	6/28/2007	7/1/2037	0.00%	300,000
Salishan V - Housing Trust Fund	1,500,000	6/26/2008	12/31/2049	0 - 0.5%	1,462,500
Salishan V - SHB 2060 Loan	213,308	6/26/2008	6/26/2038	0.00%	213,308
Salishan V - United Way Loan	190,000	6/26/2008	6/26/2048	0.00%	190,000
Salishan VI - Housing Trust Fund	2,000,000	10/15/2008	3/31/2050	0 - 0.5%	1,952,500
Salishan VI - HOME Loan	500,000	10/15/2008	10/15/2048	0.00%	500,000
Salishan VI - United Way Loan	10,000	10/15/2008	10/15/2048	0.00%	10,000
Salishan VII - TCAP/ARRA Loan	11,880,335	1/27/2010	1/31/2050	0.00%	11,880,335
Salishan VII - Housing Trust Fund	2,000,000	1/27/2010	6/30/2051	0 - 0.5%	1,962,500
Bay Terrace I - HOME Loan	1,065,342	4/3/2013	4/3/2053	0.00%	1,065,342
Bay Terrace I - Housing Trust Fund	2,010,019	4/3/2013	5/31/2054	0.50%	2,010,019
Prairie Oaks - Housing Trust Fund	1,764,647	3/17/2014	12/31/2054	0.67% - 1.0%	1,764,647
Prairie Oaks - HOME Loan	250,000	6/2/2014	6/2/2034	0.00%	250,000
Prairie Oaks - SHB 2163 Loan	283,697	6/2/2014	6/2/2044	0.00%	283,272
Total	<u>\$ 32,126,862</u>				<u>\$ 31,580,790</u>

Notes payable debt service requirements to maturity are as follows:

Year Ending December 31	Principal	Interest	Total
2016	\$ 71,390	\$ 29,157	\$ 100,547
2017	72,728	30,506	103,234
2018	72,951	30,283	103,234
2019	73,179	30,055	103,234
2020	73,412	29,822	103,234
2021 - 2025	1,324,429	252,282	1,576,711
2026 - 2030	2,318,670	341,324	2,659,994
2031 - 2035	3,152,411	282,522	3,434,933
2036 - 2040	3,513,523	203,230	3,716,753
2041 - 2045	3,526,325	117,857	3,644,182
2046 - 2050	15,637,340	44,771	15,682,111
2051 - 2055	1,744,432	7,195	1,751,627
Total	\$ 31,580,790	\$ 1,399,004	\$ 32,979,794

The Windstar loan was issued by the Washington State Department of Commerce (formerly Department of Community, Trade and Economic Development [CTED]) for the rehabilitation of the Windstar Project. The project was sold in February 2006 and debt service is being paid from the proceeds of this sale and the general revenues of the Housing Authority. The total interest and principal remaining to be paid on the loan is \$307,661. Principal and interest paid for the current fiscal year were \$7,896 and \$2,713 respectively.

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

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

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

The Salishan I – Salishan VI Housing Trust Fund loans were awarded to the Housing Authority and re-loaned to the tax credit entities (Salishan One, LLC; Salishan Two, LLC; Salishan Three, LLC; Salishan Four, LLC; Salishan Five, LLC; and Salishan Six, LLC). Debt service is made directly by the tax credit entities and the debt is secured by a deed of trust on the property of the tax credit entities but these loans remain contingent liabilities of the Housing Authority. For the first 2 - 3 years payments and interest are delayed. For the first 14 years of debt service the loans are subject to a 0% interest rate and for the remaining 25 years to a 0.5% interest rate. The loans are offset with an equivalent amount of notes receivable balance from the tax credit entities (see [Note 7](#) above).

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

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

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

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

In connection with the Salishan Seven property the Housing Authority also entered into a \$2.0 million Housing Trust Fund loan agreement with the Washington State Department of Commerce. For the first 3 years, payments and interest are delayed. For the first 14 years of debt service, the loan is subject to a 0% interest rate and for the remaining 25 years to a 0.5% interest rate. The total interest and principal remaining to be paid on the loan is \$2,083,491. Principal and interest paid for the current fiscal year were \$12,500 and \$0 respectively.

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

The Housing Authority was awarded the Bay Terrace I Housing Trust Fund loan which was re-loaned to the tax credit entity (Bay Terrace/2500 Yakima LLLP). Debt service is made directly by the tax credit entity and the debt is secured by a deed of trust on the property of the tax credit entity but this loan remains a contingent liability of the Housing Authority. Payments are delayed until August 2015 and interest is delayed until August 2014 at which time interest is rolled into

principal until payments commence. During the current fiscal year \$5,016 interest was rolled into the principal balance. Payments from August 2015 through May 2034 are quarterly interest only payments for \$2,513 and payments from August 2034 through May 2054 are quarterly for principal and interest for \$26,418. The loan is offset with an equivalent amount of notes receivable balance from the tax credit entity (see [Note 7](#) above).

The Housing Authority was awarded the Prairie Oaks Housing Trust Fund loan and a recoverable grant totaling \$3,921,437, consisting of a \$2,156,791 grant portion and a \$1,764,646 loan portion, to help finance the Prairie Oaks Condominium. The terms of the loan require compounding of interest at the rate of 0.67% beginning January 2015 through December 2021 and at the rate of 1.00% from January 2022 through December 2054. The recoverable grant portion of the award has no expectation of repayment if the terms and conditions of the contract have been met through the end of the commitment period in December 2054. During the fiscal year ending December 31, 2014 the Housing Authority had drawn \$1,990,698 of this award, which was completely recognized as revenue. In 2015 the Housing Authority expended an additional \$1,675,453 of the award but was informed that the funder recognized the full loan amount as expended requiring a prior period adjustment for too much revenue recognized in 2014 (see [Note 2](#) above). The total interest and principal remaining to be paid on the loan is \$2,039,321. Principal and interest paid for the current fiscal year were \$0 and \$11,823 respectively.

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

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

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

c. Changes in Long Term Liabilities

During the year ended December 31, 2015, the following changes occurred in long-term liabilities for the Housing Authority:

	Beginning Balance 1/1/2015	Additions	Reductions	Ending Balance 12/31/2015	Due Within One Year
Bonds Payable	\$ 11,211,043	\$ 2,652,000	\$ (11,221,611)	\$ 2,641,432	\$ 55,128
Less Discount	(3,174)	-	3,174	-	-
Total Bonds Payable	\$ 11,207,869	\$ 2,652,000	\$ (11,218,437)	\$ 2,641,432	\$ 55,128
Notes Payable	30,067,645	2,008,809	(495,664)	31,580,790	71,390
Net Pension Liability	4,392,867	1,578,324	-	5,971,191	-
Unearned Rev - Op Lease	995,100	-	(14,266)	980,834	14,267
Compensated Absences	651,228	688,152	(645,719)	693,661	14,751
FSS Escrows	119,658	63,250	(74,945)	107,963	-
Totals	\$ 47,434,367	\$ 6,990,535	\$ (12,449,031)	\$ 41,975,871	\$ 155,536

d.

e. Arbitrage Compliance

As of December 31, 2015 the Housing Authority had one debt issuance, the 2015 Outrigger Apartments Revenue Bond, that is a tax-exempt bond and subject to federal Arbitrage Compliance requirements. During the fiscal year the Housing Authority was in compliance with all federal Arbitrage Compliance requirements for all of its debt issuances.

Discretely Presented Component Units

a. Real Estate Mortgages

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

The Real Estate Mortgages outstanding as of December 31, 2015 were:

Purpose / Property	Original Amount	Date Issued	Final Maturity	Interest Rate	Amount Outstanding
Salishan I - ARCS	\$ 960,000	9/30/2006	10/1/2016	6.51%	\$ 105,871
Salishan II - ARCS	800,000	12/10/2006	1/1/2017	6.65%	114,399
Salishan III - ARCS	1,480,000	7/20/2007	8/1/2017	6.77%	320,839
Salishan IV - B of A	880,000	12/28/2009	1/1/2020	7.10%	440,453
Salishan V - Berkadia A	1,577,205	8/13/2010	9/1/2025	6.56%	1,506,215
Salishan V - Berkadia B	654,660	8/13/2010	9/1/2020	6.46%	367,772
Salishan VI - WCRA	3,236,065	8/18/2010	7/1/2048	6.25%	3,063,623
Bay Terrace I - Chase	3,525,946	4/10/2015	4/3/2033	4.74%	3,490,562
Total	<u>\$ 13,113,876</u>				<u>\$ 9,409,734</u>

Mortgage debt service requirements to maturity are as follows:

Year Ending December 31	Principal	Interest	Total
2016	\$ 664,182	\$ 529,981	\$ 1,194,163
2017	424,551	491,926	916,477
2018	301,320	469,939	771,259
2019	321,108	450,151	771,259
2020	211,261	433,559	644,820
2021 - 2025	2,030,776	2,012,616	4,043,392
2026 - 2030	812,111	1,401,473	2,213,584
2031 - 2035	2,730,784	911,556	3,642,340
2036 - 2040	590,238	512,107	1,102,345
2041 - 2045	806,106	296,239	1,102,345
2046 - 2050	517,297	43,568	560,865
Total	<u>\$ 9,409,734</u>	<u>\$ 7,553,115</u>	<u>\$ 16,962,849</u>

b. Notes Payable

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

The Notes Payable outstanding as of December 31, 2015 were:

Purpose / Property	Original Amount	Date Issued	Final Maturity	Interest Rate	Amount Outstanding
Hillside Terrace I - THA	\$ 2,542,167	12/18/2002	12/18/2047	0.00%	\$ 2,069,212
Hillside Terrace II - THA	2,039,154	2/19/2004	3/4/2058	4.94%	442,994
Hillside Terrace II - CTED	250,000	4/1/2003	4/1/2044	3.00%	207,804
Hillside 1500 Block - THA A Loan	510,000	5/5/2005	5/5/2060	4.94%	510,000
Hillside 1500 Block - THA B Loan	452,418	5/5/2005	5/5/2055	0.50%	452,418
Salishan I - Housing Trust Fund	1,500,000	12/23/2004	2/28/2046	0 - 0.50%	1,434,375
Salishan I - AHP (THA)	629,910	1/13/2005	1/13/2045	0.10%	629,910
Salishan I - THA A Loan	2,501,137	1/13/2005	12/31/2059	5.34%	2,381,557
Salishan I - THA B Loan	750,000	1/13/2005	12/31/2059	4.00%	750,000
Salishan II - Housing Trust Fund	1,500,000	12/23/2004	7/31/2046	0 - 0.50%	1,438,125
Salishan II - AHP (THA)	629,910	1/13/2005	1/13/2045	0.10%	629,910
Salishan II - THA A Loan	1,559,168	1/13/2005	12/31/2059	5.34%	1,328,845
Salishan II - THA B Loan	400,000	1/13/2005	12/31/2059	4.00%	400,000
Salishan III - Housing Trust Fund	1,500,000	11/2/2005	12/31/2046	0 - 0.50%	1,440,000
Salishan III - AHP (THA)	629,910	11/2/2005	11/1/2060	5.21%	629,910
Salishan III - THA A Loan	3,868,514	11/2/2005	11/1/2060	4.90%	3,868,514
Salishan IV - Housing Trust Fund	1,500,000	6/21/2007	3/31/2049	0 - 0.50%	1,456,875
Salishan IV - THA A Loan	3,270,462	6/28/2007	6/30/2064	4.90%	3,270,461
Salishan IV - HOME (TCRA)	1,000,000	6/28/2007	6/30/2049	0.00%	1,000,000
Salishan IV - SHB2060 (Pierce Co.)	300,000	6/28/2007	6/30/2049	0.00%	300,000
Salishan V - Housing Trust Fund	1,500,000	6/26/2008	12/31/2049	0 - 0.50%	1,462,500
Salishan V - THA A Loan	4,058,166	6/26/2008	6/30/2063	5.50%	3,897,823
Salishan V - SHB2060 (Pierce Co.)	213,308	6/26/2008	6/30/2063	0.00%	213,308
Salishan V - United Way (TCRA)	190,000	6/26/2008	6/30/2063	0.00%	190,000
Salishan VI - Housing Trust Fund	2,000,000	10/15/2008	12/31/2049	0 - 0.50%	1,952,500
Salishan VI - THA A Loan	1,185,221	10/15/2008	10/15/2065	6.30%	981,090
Salishan VI - THA B Loan	1,018,278	10/15/2008	10/15/2065	6.30%	914,030
Bay Terrace I - HOME (TCRA)	1,065,342	4/3/2013	4/3/2053	0.00%	1,065,342
Bay Terrace I - Housing Trust Fund	2,010,019	4/3/2013	5/31/2054	0.50%	2,010,019
Bay Terrace I - THA A Loan	6,344,486	4/3/2013	4/3/2068	0.75%	6,260,995
Bay Terrace I - THA Subsidy Reserve I	532,604	1/20/2015	12/31/2029	0.00%	532,604
Bay Terrace II - THA Construction Adv	1,428,921	12/31/2015	12/31/2016	0.00%	1,428,921
New Look - THA Loan	1,200,000	9/29/2015	12/1/2045	7.75%	1,160,488
New Look - HOME (TCRA)	376,500	4/23/2000	4/22/2040	6.39%	370,650
New Look - CDBG (TCRA)	110,000	4/23/2000	4/22/2040	0.00%	110,000
Total	<u>\$ 50,565,595</u>				<u>\$ 47,191,180</u>

Notes payable debt service requirements to maturity are as follows:

Year Ending December 31	Principal	Interest	Total
2016	\$ 1,495,734	\$ 104,081	\$ 1,599,815
2017	69,349	104,234	173,583
2018	70,870	102,712	173,582
2019	72,507	101,076	173,583
2020	74,267	99,315	173,582
2021 - 2025	1,162,774	574,380	1,737,154
2026 - 2030	2,469,410	574,449	3,043,859
2031 - 2035	2,224,266	430,422	2,654,688
2036 - 2040	3,231,731	1,204,623	4,436,354
2041 - 2045	3,652,024	127,270	3,779,294
2046 - 2050	4,744,551	1,519,601	6,264,152
2051 - 2055	1,884,169	112,152	1,996,321
2056 - 2060	10,311,820	28,408,458	38,720,278
2061 - 2065	9,466,712	147,663,358	157,130,070
2066 - 2070	6,260,996	2,534,673	8,795,669
Total	\$ 47,191,180	\$ 183,660,804	\$ 230,851,984

c. Operating Loans and Developer Agreements

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

The operating loans outstanding as of December 31, 2015 were:

Purpose / Property	Original Amount	Date Issued	Final Maturity	Interest Rate	Amount Outstanding
Hillside Terrace I - Operating Deficit Loan THA	\$ 293,684	12/31/2010	12/31/2017	0.00%	\$ 278,363
Hillside Terrace II - Operating Deficit Loan THA	57,748	12/31/2011	12/31/2018	0.00%	88,523
Hillside 1500 Block - Operating Deficit Loan THA	98,447	12/31/2008	12/31/2020	0.00%	113,401
Salishan V - Operating Deficit Loan THA	63,000	12/31/2015	12/31/2023	0.00%	63,000
Bay Terrace I - Developer Fee THA	2,078,243	4/3/2013	12/31/2028	0.00%	469,529
Total	\$ 2,591,122				\$ 1,012,816

Operating loans debt service requirements to maturity are as follows:

Year Ending December 31	Principal	Interest	Total
2016	\$ 154,562	\$ -	\$ 154,562
2017	278,363	-	278,363
2018	88,523	-	88,523
2019	-	-	-
2020	113,401	-	113,401
2021 - 2025	63,000	-	63,000
2026 - 2030	314,967	-	314,967
Total	\$ 1,012,816	\$ -	\$ 1,012,816

d. Changes in Long Term Liabilities

During the year ended December 31, 2015, the following changes occurred in long-term liabilities for the Discretely Presented Component Units:

	Beginning Balance 1/1/2015	Additions	Reductions	Ending Balance 12/31/2015	Due Within One Year
Notes Payable to THA	\$ 52,150,251	\$ 3,324,527	\$ (8,764,248)	\$ 46,710,530	\$ 1,495,734
Operating Loans Payable to THA	1,863,573	117,168	(967,925)	1,012,816	154,562
Interest on Notes Payable to THA	8,570,923	1,371,116	(203,692)	9,738,347	48,343
Prtnrshp Mgmt Fees to THA	99,698	151,405	-	251,103	174
Total Payable to THA	62,684,445	4,964,216	(9,935,865)	57,712,796	1,698,813
Notes Payable to Others	-	480,650	-	480,650	-
Interest Payable to Others	-	369,879	-	369,879	-
Mortgages Payable	6,509,307	3,638,728	(738,301)	9,409,734	664,182
FSS Escrows	7,430	8,400	(5,524)	10,306	-
Total	\$ 69,201,182	\$ 9,461,873	\$ (10,679,690)	\$ 67,983,365	\$ 2,362,995

NOTE 10 – CONDUIT DEBT

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

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

Name of Non-Governmental Entity	Project Description	Date of Issuance	Original Issue Amount	Outstanding Balance
South Hill Associates (2001) Ltd Partnership	To construct a 279-unit apartment complex known as Sunset Village for low-income elderly tenants	17-May-01	\$ 13,250,000	\$ 13,250,000
Metropolitan Development Council - Parkland Family Vista, LLC	40-unit project serving low-income families known as Parkland Apartments	14-Dec-05	3,400,000	896,950

NOTE 11 – PENSION PLANS

The following table represents the aggregate pension amounts for all plans subject to the requirements of GASB Statement 68, *Accounting and Financial Reporting for Pensions* for the year 2015:

Aggregate Pension Amounts - All Plans	
Pension liabilities	\$ 5,971,191
Pension assets	-
Deferred outflows of resources	817,683
Deferred inflows of resources	910,028
Pension expense/expenditures	784,781

State Sponsored Pension Plans

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

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

Department of Retirement Systems
Communications Unit
P.O. Box 48380
Olympia, WA 98504-8380

Or the DRS CAFR may be downloaded from the DRS website at www.drs.wa.gov.

Public Employees' Retirement System (PERS)

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

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

Contributions

The **PERS Plan 1** member contribution rate is established by State statute at 6 percent. The employer contribution rate is developed by the Office of the State Actuary and includes an administrative expense component that is currently set at 0.18 percent. Each biennium, the state Pension Funding Council adopts Plan 1 employer contribution rates. The PERS Plan 1 required contribution rates (expressed as a percentage of covered payroll) for 2015 were as follows:

PERS Plan 1 Actual Contribution Rates		
Period	Employer	Employee
January through June 2015	9.21%	6.00%
July through December 2015	11.18%	6.00%

The Housing Authority's actual contributions to the plan were \$314,161 for the year ended December 31, 2015.

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

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

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

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

Contributions

The **PERS Plan 2/3** employer and employee contribution rates are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. The Plan 2/3 employer rates include a component to address the PERS Plan 1 UAAL and an administrative expense that is currently set at 0.18 percent. Each biennium, the state Pension Funding Council adopts Plan 2 employer and employee contribution rates and Plan 3 contribution rates. The PERS Plan 2/3 required contribution rates (expressed as a percentage of covered payroll) for 2015 were as follows:

PERS Plan 2/3 Actual Contribution Rates		
Period	Employer	Employee
January through June 2015	9.21%	4.92%
July through December 2015	11.18%	6.12%
Employee PERS Plan 3 defined contrib.	5-15%	

The Housing Authority's actual contributions to the plan were \$389,308 for the year ended December 31, 2015.

Actuarial Assumptions

The total pension liability (TPL) for each of the DRS plans was determined using the most recent actuarial valuation completed in 2015 with a valuation date of June 30, 2014. The actuarial assumptions used in the valuation were based on the results of the Office of the State Actuary's (OSA) *2007-2012 Experience Study*.

Additional assumptions for subsequent events and law changes are current as of the 2014 actuarial valuation report. The TPL was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2015. Plan liabilities were rolled forward from June 30, 2014, to June 30, 2015, reflecting each plan's normal cost (using the entry-age cost method), assumed interest and actual benefit payments.

- **Inflation:** 3% total economic inflation; 3.75% salary inflation
- **Salary increases:** In addition to the base 3.75% salary inflation assumption, salaries are also expected to grow by promotions and longevity.
- **Investment rate of return:** 7.5%

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

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

- The OSA updated demographic assumptions, consistent with the changes from the *2007-2012 Experience Study Report*, used when valuing the PERS 1 Basic Minimum COLA.
- The OSA corrected how valuation software calculates a member's entry age under the entry age normal actuarial cost method. Previously the funding age was rounded, resulting in an entry age one year higher in some cases.
- For purposes of calculating the Plan 2/3 Entry Age Normal Cost contribution rates, the OSA now uses the current blend of Plan 2 and Plan 3 salaries rather than using a long-term membership assumption of two-thirds Plan 2 members and one-third Plan 3 members.
- The OSA changed the way it applies salary limits, as described in the *2007-2012 Experience Study Report*.

Discount Rate

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

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

Long-Term Expected Rate of Return

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

Estimated Rates of Return by Asset Class

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2015, are summarized in the table below. The inflation component used to create the table is 2.2 percent and represents the WSIB's most recent long-term estimate of broad economic inflation.

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

Sensitivity of NPL

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

Pension Plan	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
PERS 1	\$ 3,923,675	\$ 3,222,724	\$ 2,619,970
PERS 2/3	\$ 8,036,660	\$ 2,748,467	\$ (1,300,504)

Pension Plan Fiduciary Net Position

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

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

At June 30, 2015, the Housing Authority reported a total pension liability of \$5,971,191 for its proportionate share of the net pension liabilities as follows:

Pension Plan	Liability (or Asset)
PERS 1	\$ 3,222,724
PERS 2/3	2,748,467
TOTAL	<u>\$ 5,971,191</u>

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

Pension Plan	Proportionate Share 6/30/14	Proportionate Share 6/30/15	Change in Proportion
PERS 1	0.058165%	0.061609%	0.003444%
PERS 2/3	0.072366%	0.076922%	0.004556%

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

The collective net pension liability (asset) was measured as of June 30, 2015, and the actuarial valuation date on which the total pension liability (asset) is based was as of June 30, 2014, with update procedures used to roll forward the total pension liability to the measurement date.

Pension Expense

For the year ended December 31, 2015, the Housing Authority recognized pension expense as follows:

Pension Plan	Pension Expense
PERS 1	\$ 446,855
PERS 2/3	337,926
TOTAL	<u>\$ 784,781</u>

Deferred Outflows of Resource and Deferred Inflows of Resources

At December 31, 2015 the Housing Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

PERS 1	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ -
Net difference between projected and actual investment earnings on pension plan investments	-	176,318
Changes of assumptions	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	-
Contributions subsequent to the measurement date	166,197	-
TOTAL	<u>\$ 166,197</u>	<u>\$ 176,318</u>

PERS 2	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 292,163	\$ -
Net difference between projected and actual investment earnings on pension plan investments	-	733,710
Changes of assumptions	4,428	-
Changes in proportion and differences between contributions and proportionate share of contributions	146,596	-
Contributions subsequent to the measurement date	208,299	-
TOTAL	<u>\$ 651,486</u>	<u>\$ 733,710</u>

Deferred outflows of resources related to pensions resulting from the Housing Authority's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2016. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31	PERS 1	PERS 2
2016	\$ (68,335)	\$ (156,089)
2017	(68,665)	(156,089)
2018	(68,335)	(156,089)
2019	28,687	177,744
2020	-	-
Thereafter	-	-
TOTAL	\$ (176,648)	\$ (290,523)

NOTE 12 – COMPONENT UNITS

Discretely Presented Component Units

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

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

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

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

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

The MLK New Look, Limited Liability Company (LLC) was organized to acquire, develop, own and operate MLK New Look Apartments, a 49-unit low-income housing property for families, seniors and disabled individuals. The Housing Authority is the Special Member and the Housing Authority's blended component unit – Tacoma Housing Development Group (THDG) – is the Managing Member. THDG is obligated to administer, manage, and direct the business of the Company. The Housing Authority has the option to purchase the property at the end of the compliance period.

The Housing Authority usually earns a developer fee for its role in bringing the tax credit property to completion. Developer fees are primarily paid by tax credit investor contributions, development financing and available cash flows. Under the various partnership agreements, any outstanding developer fees are required to be paid within 15 years of the placed-in-service date of the property. The Housing Authority's Operating Revenues for 2015 included \$111,317 in developer fees included in Other Revenue, of which none was earned from the discretely presented component units.

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

Tax Credit Project	Management Fees	Co/Prtnrship Mgmt Fees	Total
Bay Terrace I	\$ 44,930	\$ 11,330	\$ 56,260
Hillside Terrace I	8,564	5,000	13,564
Hillside Terrace II	11,664	5,000	16,664
Hillside Terrace 1500	8,308	12,066	20,374
MLK New Look	N/A	9,984	9,984
Salishan One	56,638	-	56,638
Salishan Two	54,972	-	54,972
Salishan Three	45,055	-	45,055
Salishan Four	58,081	12,723	70,804
Salishan Five	62,567	12,293	74,860
Salishan Six	63,464	11,877	75,341
Total	<u>\$ 414,243</u>	<u>\$ 80,273</u>	<u>\$ 494,516</u>

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

	Hillside Terrace I	Hillside Terrace II	Hillside Terrace 1500 Block	Salishan One
CONDENSED STATEMENTS OF NET POSITION				
Assets				
Current Assets	\$ 54,606	\$ 84,422	\$ 100,827	\$ 91,600
Restricted Assets	298,104	192,713	220,106	824,330
Capital Assets	1,734,428	1,803,662	1,891,424	10,667,619
Other Assets	104,859	5,776	48,343	67,999
Total Assets	2,191,997	2,086,573	2,260,700	11,651,548
Liabilities				
Current Liabilities	16,375	33,940	17,372	184,723
Current Due to Housing Authority	7,349	42,705	6,210	245,733
Noncurrent Due to Housing Authority	2,347,575	1,053,994	1,434,638	7,131,588
Other Noncurrent Liabilities	-	-	-	1,922
Total Liabilities	2,371,299	1,130,639	1,458,220	7,563,966
Net Position				
Net Investment in Capital Assets	(334,784)	1,152,863	929,006	5,365,906
Restricted	292,852	185,811	216,189	794,725
Unrestricted	(137,370)	(382,740)	(342,715)	(2,073,049)
Total Net Position	\$ (179,302)	\$ 955,934	\$ 802,480	\$ 4,087,582
CONDENSED STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION				
Operating Income (Loss)				
Tenant Revenues	\$ 56,578	\$ 163,476	\$ 131,113	\$ 877,003
Other Revenues	60,246	25,304	14,133	148,839
Depreciation Expense	(80,176)	(86,373)	(69,250)	(415,288)
Other Operating Expenses	(122,736)	(187,383)	(149,490)	(1,021,916)
Total Operating Income (Loss)	(86,088)	(84,976)	(73,494)	(411,362)
Nonoperating Revenue (Expense)				
Investment Income	1,362	957	1,260	2,369
Interest Expense	-	(28,202)	(27,456)	(168,311)
Capital Contributions/(Distributions)	-	10,206	91,657	11,047
Change in Net Position	(84,726)	(102,015)	(8,033)	(566,257)
Net Position - Beginning of Year	(94,576)	1,057,949	810,513	4,653,839
Prior Period Adjustment	-	-	-	-
Net Position - Beginning Restated	(94,576)	1,057,949	810,513	4,653,839
Net Position - End of Year	\$ (179,302)	\$ 955,934	\$ 802,480	\$ 4,087,582

	Salishan Two	Salishan Three	Salishan Four	Salishan Five
CONDENSED STATEMENTS OF NET POSITION				
Assets				
Current Assets	\$ 70,548	\$ 288,838	\$ 357,565	\$ 97,069
Restricted Assets	796,612	864,266	893,284	752,618
Capital Assets	10,697,232	12,945,296	14,473,634	14,615,515
Other Assets	55,227	86,260	91,695	215,700
Total Assets	11,619,619	14,184,660	15,816,178	15,680,902
Liabilities				
Current Liabilities	158,869	243,080	269,581	175,562
Current Due to Housing Authority	109,466	30,189	94,981	151,479
Noncurrent Due to Housing Authority	5,311,277	7,587,953	7,761,475	6,786,464
Other Noncurrent Liabilities	9,095	133,884	350,593	1,791,262
Total Liabilities	5,588,707	7,995,106	8,476,630	8,904,767
Net Position				
Net Investment in Capital Assets	6,785,953	6,686,033	8,005,845	6,977,897
Restricted	769,509	836,431	864,238	724,335
Unrestricted	(1,524,550)	(1,332,910)	(1,530,535)	(926,097)
Total Net Position	\$ 6,030,912	\$ 6,189,554	\$ 7,339,548	\$ 6,776,135

CONDENSED STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION				
Operating Income (Loss)				
Tenant Revenues	\$ 721,697	\$ 833,744	\$ 757,909	\$ 873,661
Other Revenues	148,739	112,740	141,153	159,182
Depreciation Expense	(434,849)	(475,746)	(509,279)	(533,038)
Other Operating Expenses	(781,714)	(778,017)	(818,507)	(825,956)
Total Operating Income (Loss)	(346,127)	(307,279)	(428,724)	(326,151)
Nonoperating Revenue (Expense)				
Investment Income	2,373	3,990	3,923	2,736
Interest Expense	(98,237)	(249,620)	(367,187)	(339,349)
Capital Contributions/(Distributions)	7,906	23,714	11,782	-
Change in Net Position	(434,085)	(529,195)	(780,206)	(662,764)
Net Position - Beginning of Year	6,464,997	6,718,749	8,408,637	7,438,899
Prior Period Adjustment	-	-	(288,883)	-
Net Position - Beginning Restated	6,464,997	6,718,749	8,119,754	7,438,899
Net Position - End of Year	\$ 6,030,912	\$ 6,189,554	\$ 7,339,548	\$ 6,776,135

	Salishan Six	2500 Yakima	MLK New Look	2500 Crt G	TOTALS
CONDENSED STATEMENTS OF NET POSITION					
Assets					
Current Assets	\$ 110,393	\$ 293,214	\$ 44,540	\$ -	\$ 1,593,622
Restricted Assets	1,008,436	1,056,023	447,067	-	7,353,559
Capital Assets	14,862,937	21,932,789	2,840,712	1,428,921	109,894,169
Other Assets	203,254	195,840	-	-	1,074,953
Total Assets	16,185,020	23,477,866	3,332,319	1,428,921	119,916,303
Liabilities					
Current Liabilities	112,767	126,011	91,626	-	1,429,906
Current Due to Housing Authority	47,259	197,341	28,263	1,428,921	2,389,896
Noncurrent Due to Housing Authority	5,050,373	10,264,719	1,283,927	-	56,013,983
Other Noncurrent Liabilities	3,033,785	3,435,318	850,528	-	9,606,387
Total Liabilities	8,244,184	14,023,389	2,254,344	1,428,921	69,440,172
Net Position					
Net Investment in Capital Assets	7,951,694	8,258,299	1,199,574	-	52,978,286
Restricted	981,427	1,034,316	432,051	-	7,131,884
Unrestricted	(992,285)	161,862	(553,650)	-	(9,634,039)
Total Net Position	\$ 7,940,836	\$ 9,454,477	\$ 1,077,975	\$ -	\$ 50,476,131
CONDENSED STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION					
Operating Income (Loss)					
Tenant Revenues	\$ 865,744	\$ 469,348	\$ 410,727	\$ -	\$ 6,161,000
Other Revenues	156,737	312,995	-	-	1,280,068
Depreciation Expense	(550,248)	(688,415)	(194,404)	-	(4,037,066)
Other Operating Expenses	(784,064)	(462,013)	(278,157)	-	(6,209,953)
Total Operating Income (Loss)	(311,831)	(368,085)	(61,834)	-	(2,805,951)
Nonoperating Revenue (Expense)					
Investment Income	4,451	3,150	732	-	27,303
Interest Expense	(452,772)	(218,576)	(103,790)	-	(2,053,500)
Capital Contributions/(Distributions)	-	4,594,014	1,242,867	-	5,993,193
Change in Net Position	(760,152)	4,010,503	1,077,975	-	1,161,045
Net Position - Beginning of Year	8,700,988	5,443,974	-	-	49,603,969
Prior Period Adjustment	-	-	-	-	(288,883)
Net Position - Beginning Restated	8,700,988	5,443,974	-	-	49,315,086
Net Position - End of Year	\$ 7,940,836	\$ 9,454,477	\$ 1,077,975	\$ -	\$ 50,476,131

Blended Component Unit

The Housing Authority created the Tacoma Housing Development Group (THDG) blended component unit to facilitate non-profit (501(c)(3)) operations in support of the Housing Authority's development of safe and affordable low-income housing. The Housing Authority routinely uses THDG as the initial limited partner when it sets up new tax credit partnerships before the investor partner/member replaces THDG in these entities that end up one of the discretely presented component units. THDG also is often used by the Housing Authority to account for small contributions and related expenses in support of low-income tenants. THDG also is the Managing Member of the MLK New Look LLC, as described in [Note 1](#) and this Note above.

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

CONDENSED STATEMENT OF NET POSITION

	THDG
Assets	
Current Assets	
Receivable from Housing Authority	-
Other Current Assets	151,924
Total Current Assets	151,924
Capital Assets	-
Other Assets	139,339
Total Assets	291,263
Liabilities	
Current Liabilities	
Payable to Housing Authority	-
Other Current Liabilities	-
Total Current Liabilities	-
Long-Term Liabilities	-
Total Liabilities	-
Net Position	
Net Investment in Capital Assets	-
Restricted	-
Unrestricted	291,263
Total Net Position	291,263

CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

Operating Revenue	
Contributions & Donations	87,984
Other Revenues	9,984
Total Operating Revenue	97,968
Operating Expenses	
Administration	11,749
Tenant Services	8,528
Contracted Services	-
Other Operating Expenses	170,680
Total Operating Expenses	190,957
Operating Income/(Loss)	(92,989)
Nonoperating Revenues/(Expenses)	
Investment Income	383
Total Nonoperating Revenues/(Expenses)	383
Transfers from Housing Authority	301,100
Change in Net Position	208,494
Beginning Net Position	82,769
Ending Net Position	291,263

CONDENSED STATEMENT OF CASH FLOWS

Net Cash Provided/(Used) by Operating Activities	(7,202)
Net Cash Provided/(Used) by Noncapital Financing Activities	1,000
Net Cash Provided/(Used) by Capital and Related Financing Activities	-
Net Cash Provided/(Used) by Investing Activities	383
Net Increase/(Decrease) in Cash and Cash Equivalents	(5,819)
Beginning Cash and Cash Equivalent Balance	157,743
Ending Cash and Cash Equivalent Balance	151,924

NOTE 13 – RELATED PARTY TRANSACTIONS

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

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

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

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

Hillside Terrace Phase I, LP

Regulatory and Operating (R&O) Agreement

On December 18, 2002 the partnership entered into an R&O Agreement with the Housing Authority. Pursuant to the R&O Agreement all 21 of the property's residential units shall be maintained and operated continuously as public housing units in conformity with applicable public housing requirements. The Housing Authority is required to make operating subsidy payments to the property up to the amount it receives from HUD for this property, provided the units remain in compliance with the applicable public housing requirements. For the year ended December 31, 2015 the partnership received operating subsidy of \$59,579 from the Housing Authority.

Operating Deficits

On December 18, 2002 the partnership entered into an Agreement Regarding Financial Obligations with the Housing Authority. Pursuant to this agreement the Housing Authority's obligations to advance funds to or for the benefit of the partnership is limited to \$250,000. However, in the event that obligations would require a further advance of funds to the partnership and the Housing Authority does not voluntarily advance funds to satisfy the obligations, the Special Limited Partner would have the right to remove and replace the General Partner (the Housing Authority) in accordance with the provisions of the partnership agreement. As of December 31, 2015 the Housing Authority had advanced \$278,363 to the partnership of which \$0 was to be paid back to the Housing Authority from available cash flows in 2016.

Hillside Terrace Phase II, LP

R&O Agreement

On March 4th, 2003 the partnership entered into an R&O Agreement with the Housing Authority. Pursuant to the R&O Agreement 12 of the 25 residential units are obligated to be maintained and operated as public housing units in accordance with the applicable public housing requirements outlined in the agreement. The Housing Authority is required to make operating subsidy payments to the property up to the amount it receives from HUD for this property, provided the units remain in compliance with the applicable public housing requirements. For the year ended December 31, 2015 the partnership received operating subsidy of \$24,637 from the Housing Authority.

Project-based Housing Assistance Payment (HAP) Contract

In 2003 the partnership entered into a ten-year HAP Contract with the Housing Authority for project-based assistance, which was extended for ten years in 2013. Pursuant to the HAP Contract the Housing Authority will make rental assistance payments on behalf of residents for 8 units. In addition, the Housing Authority houses tenants from its tenant-based Section 8 program in the remaining 5 units providing additional rental assistance payments. The rental assistance payments are included in Net Tenant Rental Revenue in the accompanying Statement of Revenues, Expenses and Changes in Net Position. For the year ended December 31, 2015 the partnership received rental assistance payments of \$67,743 from the Housing Authority.

Operating Deficits

On December 18, 2002 the partnership entered into an Agreement Regarding Financial Obligations with the Housing Authority. Pursuant to this agreement the Housing Authority's obligations to advance funds to or for the benefit of the partnership is limited to \$400,000. However, in the event that obligations would require a further advance of funds to the partnership and the Housing Authority does not voluntarily advance funds to satisfy the obligations, the Special Limited Partner would have the right to remove and replace the General Partner (the Housing Authority) in accordance with the provisions of the partnership agreement. As of December 31, 2015 the Housing Authority had advanced \$88,523 to the partnership of which nothing was to be paid back to the Housing Authority from available cash flows in 2016.

Hillside Terrace 1500 LP

R&O Agreement

On May 5th, 2005 the partnership entered into an R&O Agreement with the Housing Authority. Pursuant to the R&O Agreement 4 of the 16 residential units are required to be maintained and operated as public housing units in accordance with the applicable public housing requirements outlined in the agreement. The Housing Authority is obligated to make operating subsidy payments to the property up to the amount it receives from HUD for this property, provided the units remain in compliance with the applicable public housing requirements. For the year ended December 31, 2015 the partnership received operating subsidy of \$13,466 from the Housing Authority.

Project-based Housing Assistance Payment (HAP) Contract

In 2005 the partnership entered into a ten-year HAP Contract with the Housing Authority for project-based assistance, which was extended for ten years in 2015. Pursuant to the HAP Contract the Housing Authority will make rental assistance payments on behalf of residents for 4 units. In addition, the Housing Authority houses tenants from its tenant-based Section 8 program in the remaining 8 units providing additional rental assistance payments. The rental assistance payments are included in Net Tenant Rental Revenue in the accompanying Statement of Revenues, Expenses and Changes in Net Position. For the year ended December 31, 2015 the partnership received rental assistance payments of \$63,118 from the Housing Authority.

Operating Deficits

On May 5th, 2005 the partnership entered into the Amended and Restated Agreement of Limited Partnership with the Housing Authority. Pursuant to this agreement the Housing Authority is required to advance funds to cover operating deficits. As of December 31, 2014 the Housing Authority had advanced \$113,401 to the partnership of which nothing was to be paid back to the Housing Authority from available cash flows in 2016.

Development Fee Agreement

In 2005 the partnership entered into a development fee agreement with the Housing Authority. The agreement provides for a developer fee of \$217,473, all of which was earned as of December 31, 2005. The development fee is payable from limited partner contributions or net cash flow, as defined in the partnership agreement. Pursuant to the partnership agreement, the General Partner or an affiliate is to pay the balance of any unpaid developer fee within 10 days after the tenth anniversary of the completion date (January 10, 2016). At the end of December 2015 the Housing Authority paid the remaining unpaid balance of \$91,657 to the partnership and the partnership used this payment to repay the Housing Authority the remaining outstanding developer fee balance.

Salishan One LLC

R&O Agreement

On January 13th, 2005 the limited liability company ("company") entered into an R&O Agreement with the Housing Authority. Pursuant to the R&O Agreement 55 of the 90 residential units are required to be maintained and operated as public housing units in accordance with the applicable public housing requirements outlined in the agreement. The Housing Authority is obligated to make operating subsidy payments to the property up to the amount it receives from HUD for this property, provided the units remain in compliance with the applicable public housing requirements. For the year ended December 31, 2015 the company received operating subsidy of \$137,228 from the Housing Authority.

Project-based Housing Assistance Payment (HAP) Contract

In 2005 the company entered into a ten-year HAP Contract with the Housing Authority for project-based assistance, which was extended for ten years in 2015. Pursuant to the HAP Contract the Housing Authority will make rental assistance payments on behalf of residents for 35 units. The rental assistance payments are included in Net Tenant Rental Revenue in the accompanying Statement of Revenues, Expenses and Changes in Net Position. For the year ended December 31, 2015 the company received rental assistance payments of \$406,960 from the Housing Authority.

Salishan Two LLC

R&O Agreement

On January 13th, 2005 the limited liability company ("company") entered into an R&O Agreement with the Housing Authority. Pursuant to the R&O Agreement 55 of the 90 residential units are required to be maintained and operated as public housing units in accordance with the applicable public housing requirements outlined in the agreement. The Housing Authority is obligated to make operating subsidy payments to the property up to the amount it receives from HUD for this property, provided the units remain in compliance with the applicable public housing requirements. For the year ended December 31, 2015 the company received operating subsidy of \$145,963 from the Housing Authority.

Project-based Housing Assistance Payment (HAP) Contract

In 2005 the company entered into a ten-year HAP Contract with the Housing Authority for project-based assistance, which was extended for ten years in 2015. Pursuant to the HAP Contract the Housing Authority will make rental assistance payments on behalf of residents for 34 units. The rental assistance payments are included in Net Tenant Rental Revenue in the accompanying Statement of Revenues, Expenses and Changes in Net Position. For the year ended December 31, 2015 the company received rental assistance payments of \$382,200 from the Housing Authority.

Salishan Three LLC

R&O Agreement

On November 2nd, 2005 the limited liability company ("company") entered into an R&O Agreement with the Housing Authority. Pursuant to the R&O Agreement 45 of the 90 residential units are required to be maintained and operated as public housing units in accordance with the applicable public housing requirements outlined in the agreement. The Housing Authority is obligated to make operating subsidy payments to the property up to the amount it receives from HUD for this property, provided the units remain in compliance with the applicable public housing requirements. For the year ended December 31, 2015 the company received operating subsidy of \$109,834 from the Housing Authority.

Project-based Housing Assistance Payment (HAP) Contract

In 2006 the company entered into a ten-year HAP Contract with the Housing Authority for project-based assistance. Pursuant to the HAP Contract the Housing Authority will make rental assistance payments on behalf of residents for 45 units. The rental assistance payments are included in Net Tenant Rental Revenue in the accompanying Statement of Revenues, Expenses and Changes in Net Position. For the year ended December 31, 2015 the company received rental assistance payments of \$498,914 from the Housing Authority.

Salishan Four LLC

R&O Agreement

On June 28th, 2007 the limited liability company ("company") entered into an R&O Agreement with the Housing Authority. Pursuant to the R&O Agreement 45 of the 90 residential units are required to be maintained and operated as public housing units in accordance with the applicable public housing requirements outlined in the agreement. The Housing Authority is obligated to make operating subsidy payments to the property up to the amount it receives from HUD for this property, provided the units remain in compliance with the applicable public housing requirements. For the year ended December 31, 2015 the company received operating subsidy of \$140,572 from the Housing Authority.

Project-based Housing Assistance Payment (HAP) Contract

In 2008 the company entered into a ten-year HAP Contract with the Housing Authority for project-based assistance. Pursuant to the HAP Contract the Housing Authority will make rental assistance payments on behalf of residents for 45 units. The rental assistance payments are included in Net Tenant Rental Revenue in the accompanying Statement of Revenues, Expenses and Changes in Net Position. For the year ended December 31, 2015 the company received rental assistance payments of \$471,606 from the Housing Authority.

Salishan Five LLC

R&O Agreement

On June 26th, 2008 the limited liability company ("company") entered into an R&O Agreement with the Housing Authority. Pursuant to the R&O Agreement 45 of the 90 residential units are required to be maintained and operated as public housing units in accordance with the applicable public housing requirements outlined in the agreement. The Housing Authority is obligated to make operating subsidy payments to the property up to the amount it receives from HUD for this property, provided the units remain in compliance with the applicable public housing requirements. For the year ended December 31, 2015 the company received operating subsidy of \$158,531 from the Housing Authority.

Project-based Housing Assistance Payment (HAP) Contract

In 2009 the company entered into a ten-year HAP Contract with the Housing Authority for project-based assistance. Pursuant to the HAP Contract the Housing Authority will make rental assistance payments on behalf of residents for 45 units. The rental assistance payments are included in Net Tenant Rental Revenue in the accompanying Statement of Revenues, Expenses and Changes in Net Position. For the year ended December 31, 2015 the company received rental assistance payments of \$487,006 from the Housing Authority.

Operating Deficits

On June 1st, 2008 the company entered into the Amended and Restated Operating Agreement with the Housing Authority. Pursuant to this agreement the Housing Authority is required to advance funds to cover operating deficits up to \$850,000. As of December 31, 2015 the Housing Authority had advanced \$63,000 to the company of which nothing was to be paid back to the Housing Authority from available cash flows in 2016.

Salishan Six LLC

R&O Agreement

On October 15th, 2008 the limited liability company ("company") entered into an R&O Agreement with the Housing Authority. Pursuant to the R&O Agreement 45 of the 90 residential units are required to be maintained and operated as public housing units in accordance with the applicable public housing requirements outlined in the agreement. The Housing Authority is obligated to make operating subsidy payments to the property up to the amount it receives from HUD for this property, provided the units remain in compliance with the applicable public housing requirements. For the year ended December 31, 2015 the company received operating subsidy of \$152,078 from the Housing Authority.

Project-based Housing Assistance Payment (HAP) Contract

In 2009 the company entered into a ten-year HAP Contract with the Housing Authority for project-based assistance. Pursuant to the HAP Contract the Housing Authority will make rental assistance payments on behalf of residents for 44 units. The rental assistance payments are included in Net Tenant Rental Revenue in the accompanying Statement of Revenues, Expenses and Changes in Net Position. For the year ended December 31, 2015 the company received rental assistance payments of \$546,236 from the Housing Authority.

2500 Yakima LLLP (DBA Bay Terrace I Apartments)

R&O Agreement

On January 15th, 2015 the limited liability limited partnership (“partnership”) entered into an R&O Agreement with the Housing Authority. Pursuant to the R&O Agreement 26 of the 70 residential units are required to be maintained and operated as public housing units in accordance with the applicable public housing requirements outlined in the agreement. The Housing Authority is obligated to make operating subsidy payments to the property up to the amount it receives from HUD for this property, provided the units remain in compliance with the applicable public housing requirements. For the year ended December 31, 2015 the partnership received operating subsidy of \$80,277 from the Housing Authority.

Project-based Housing Assistance Payment (HAP) Contract

In 2014 the partnership entered into a ten-year HAP Contract with the Housing Authority for project-based assistance. Pursuant to the HAP Contract the Housing Authority will make rental assistance payments on behalf of residents for 20 units. The rental assistance payments are included in Net Tenant Rental Revenue in the accompanying Statement of Revenues, Expenses and Changes in Net Position. For the year ended December 31, 2015 the partnership received rental assistance payments of \$166,469 from the Housing Authority.

Rental Subsidy Contributions

On January 20th, 2015 the partnership entered into the first amendment to the first amended and restated agreement of limited partnership with the Housing Authority. Pursuant to this agreement the Housing Authority will make Rental Subsidy Contributions to the 26 public housing units originally intended to receive Section 8 Housing Assistance Payments in an amount equal to the difference between the projected Section 8 rents, the rent collected, and operating subsidy received for these units. For the year ended December 31, 2015 the partnership received rental subsidy contributions of \$199,210 from the Housing Authority.

Development Services Agreement

In 2013 the partnership entered into a development services agreement with the Housing Authority. The agreement provides for a developer fee of \$2,078,243, which was scheduled to be earned and paid in phases. Of the total developer fee, \$1,518,970 was designated to be paid from the capital contributions of the limited (investor) partner and \$559,273 from cash flow of the property, as defined in the partnership agreement. For the year ended December 31, 2015 the partnership paid the Housing Authority \$849,228 in developer fees. The Housing Authority is scheduled to receive \$154,562 from the partnership in 2016. Any unpaid deferred developer fee shall be paid in full no later than December 31, 2028. As of December 31, 2015 the outstanding balance on the developer fee was \$469,529.

MLK New Look LLC

Project-based Housing Assistance Payment (HAP) Contract

In 2006 the limited liability company (“company”) entered into a ten-year HAP Contract with the Housing Authority for project-based assistance. Pursuant to the HAP Contract the Housing Authority will make rental assistance payments on behalf of residents for 42 units. The rental assistance payments are included in Net Tenant Rental Revenue in the accompanying Statement of Revenues, Expenses and Changes in Net Position. For the year ended December 31, 2015 the company received rental assistance payments of \$226,153 from the Housing Authority.

NOTE 14 – CONTINGENCIES AND LITIGATION

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

During 2015 the Housing Authority identified 16 units which were contaminated with methamphetamine. The Housing Authority engaged a remediation consultant and developed and implemented a program to test all vacant units for contamination. During 2015 the Housing Authority expended \$337,749 on remediation efforts. As of December 31, 2015, the Housing Authority had not identified any additional units requiring remediation. The Housing Authority is unable to estimate how many, if any, additional units may need remediation in the future and cannot estimate the future remediation costs, if any.

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

NOTE 15 – RISK MANAGEMENT

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

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

HARRP is governed by a Board of Directors consisting of representatives from nine member PHA's. The Board meets once each quarter to provide policy direction to the staff. HARRP provides property loss, general liability, errors and omissions, fidelity and crime insurance, and business automobile insurance. Pool underwriting and rate-setting policies have been established by the pool executive board after consultation with actuaries. Pool members are subject to supplemental assessment in the event of deficiencies. If the assets of the pool were to be exhausted, members would be responsible for the pool's liabilities. The allocation of the liabilities would be determined by the executive board. A copy of their financial statements may be acquired at 7111 NE 179th Street, Vancouver, WA 98686-1888 or at HARRP's website at www.harrp.com.

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

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

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

for employee dishonesty and forgery or alteration and \$50,000 for theft. The deductible for the fidelity coverage is \$1,000.

HARRP provides coverage limits for General Liability, Errors & Omissions and Property of \$1,000,000 per occurrence with Munich reinsuring the second million dollars. The coverage limit for Automobile Liability is \$2,000,000.

For property coverage, HARRP retains \$2,000,000 and reinsurance from Munich Reinsurance Company for a combined total per member of \$47,000,000. Property coverage include Equipment Breakdown Insurance through Hartford Steam and Boiler Insurance, a Munich Reinsurance owned company. The HARRP Board of Directors determines the limits and coverage terms, at its sole discretion.

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

NOTE 16 – SUBSEQUENT EVENTS

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

On April 19, 2016 the Housing Authority closed on the first phase of the RAD conversion of its public housing units. Under this phase nine of the Housing Authority's public housing properties – 456 units – were sold to the Renew Tacoma Housing, LLLP, a partnership formed by the Housing Authority as General Partner and RBC-Bay Terrace II, LLC as Limited Partner to take advantage of the Low Income Housing Tax Credit (LIHTC) program authorized under Section 42 of the Internal Revenue Code. As part of this closing the Housing Authority issued \$45.0 million in tax exempt bonds that are loaned to the partnership to cover construction financing. These bonds will be paid off from equity contributions of the Limited Partner and permanent financing for the project.

HOUSING AUTHORITY OF THE CITY OF TACOMA
Schedule of Proportionate Share of the Net Pension Liability
PERS Plan 1
As of June 30, 2015
Last 10 Fiscal Years*

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

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

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

NOTE 1 - Changes of Benefit Terms

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

NOTE 2 - Changes in Assumptions

No significant changes in assumptions were made. Demographic assumptions were updated, consistent with the changes from the 2007-2012 Experience Study Report, as identified in the notes to the 2015 Department of Retirement Systems (DRS) Comprehensive Annual Financial Report.

HOUSING AUTHORITY OF THE CITY OF TACOMA
Schedule of Proportionate Share of the Net Pension Liability
PERS Plan 2/3
As of June 30, 2015
Last 10 Fiscal Years*

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

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

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

NOTE 1 - Changes of Benefit Terms

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

NOTE 2 - Changes in Assumptions

No significant changes in assumptions were made. Demographic assumptions were updated, consistent with the changes from the 2007-2012 Experience Study Report, as identified in the notes to the 2015 Department of Retirement Systems (DRS) Comprehensive Annual Financial Report.

HOUSING AUTHORITY OF THE CITY OF TACOMA
Schedule of Employer Contributions
PERS Plan 1
As of December 31, 2015
Last 10 Fiscal Years*

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

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

Notes to the Schedule of Employer Contributions

NOTE 1 - Changes of Benefit Terms

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

NOTE 2 - Changes in Assumptions

No significant changes in assumptions were made. Demographic assumptions were updated, consistent with the changes from the 2007-2012 Experience Study Report, as identified in the notes to the 2015 Department of Retirement Systems (DRS) Comprehensive Annual Financial Report.

HOUSING AUTHORITY OF THE CITY OF TACOMA
Schedule of Employer Contributions
PERS Plan 2/3
As of December 31, 2015
Last 10 Fiscal Years*

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

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

Notes to the Schedule of Employer Contributions

NOTE 1 - Changes of Benefit Terms

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

NOTE 2 - Changes in Assumptions

No significant changes in assumptions were made. Demographic assumptions were updated, consistent with the changes from the 2007-2012 Experience Study Report, as identified in the notes to the 2015 Department of Retirement Systems (DRS) Comprehensive Annual Financial Report.

Housing Authority of the City of Tacoma
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2015

Federal Agency Name/Pass-Through Agency Name	Federal Program Name	CFDA Number	Other ID Number	Current Year Expenditures			Pass-Through to Sub-Recipients	Debt Liability Balance	Notes
				From Pass-Through Awards	From Direct Awards	Total			
U.S. Department of Housing and Urban Development/ Pass-through City of Tacoma	Community Development Block Grant	14.218	Family Self Sufficiency	38,524		38,524			
U.S. Department of Housing and Urban Development/Pass-through City of Tacoma	HOME Investment Partnership Program	14.239	2014 TCRA Loan - Prairie Oaks	4,644				250,000	3a
			2013 TCRA Loan - Bay Terrace	-				1,065,342	
			2008 TCRA Forgivable Loan - Salishan IV	-				1,000,000	3
			2009 TCRA Forgivable Loan - Salishan VI	-				500,000	
			Subtotal	4,644		4,644		2,815,342	
U.S. Department of Housing and Urban Development	Section 8 Moderate Rehabilitation Single Room Occupancy	14.249	WA005SRO002		224,347				
			WA005SRO003		147,966				
			WA005SCO002 / WA0141L0T031205		19,985				
			Subtotal		392,298	392,298			
U.S. Department of Housing and Urban Development/Pass-through Washington State Housing Finance Commission	ARRA-Tax Credit Assistance Program	14.258	Salishan Seven (TC#09-02-TCAP)	-		-		11,880,335	3, 4
U.S. Department of Housing and Urban Development	Resident Opportunity and Supportive Services (ROSS)	14.870	WA005RPS249A011		53,007				
			WA005RPS055A014		37,901				
			Subtotal		90,908	90,908			
U.S. Department of Housing and Urban Development	Housing Choice Vouchers	14.871	WA005VO-NED		555,301				
			WA005AF-NED		58,585				
			WA005VO-FUP		319,349				
			WA005AF-FUP		28,144				
			WA005VO-VA		839,872				
			WA005AF-VA		93,594				
			Subtotal		1,894,845	1,894,845			
U.S. Department of Housing and Urban Development	Moving To Work Demonstration Program	14.881	14.HCV-WA005VO		35,605,975				
			14.HCV-WA005AF (VO)		2,561,469				
			14.OPS - WA005-00000115D - WA005-00001615D		2,423,262				
			14.CFP-WA19P005501-11		1,327,832				
			14.CFP-WA19P005501-12		552,481				
			14.CFP-WA19R005502-13		73,110				
			14.CFP-WA19R005502-14		403,429				
			Subtotal		42,947,558	42,947,558	571,220		
U.S. Department of Housing and Urban Development	Capital Fund Education and Training Community Facilities	14.890	WA19C00550111		8,055	8,055			
U.S. Department of Housing and Urban Development	Family Self-Sufficiency Program	14.896	WA005FSH701A014		196,013	196,013			
Subtotal U.S. Department of Housing and Urban Development				\$ 43,168	\$ 45,529,677	\$ 45,572,845	\$ 571,220	\$ 14,695,677	
U.S. Environmental Protection Agency	Brownsfield Assessment and Cleanup Cooperative Agreements	66.818	00J95501-1 (Salishan)		59,633				
			00J96101-1 (Hillside Terrace)		16,381				
			Subtotal		76,014	76,014			
Subtotal U.S. Environmental Protection Agency				\$ -	\$ 76,014	\$ 76,014	\$ -	\$ -	
TOTAL FEDERAL ASSISTANCE				\$ 43,168	\$ 45,605,691	\$ 45,648,859	\$ 571,220	\$ 14,695,677	

Housing Authority of the City of Tacoma
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2015

NOTE 1 - Basis of Accounting

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

NOTE 2 - Program Costs

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

NOTE 3 - Federal Loans

a) The Housing Authority received a HUD (HOME) loan up to a maximum of \$250,000 for the Prairie Oaks Project of which \$4,644 is included in Current Year Expenditures.

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

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

Expenditures for this program were funded by ARRA.

NOTE 5 - Indirect Cost Rate

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

Housing Authority of the City of Tacoma
Supplemental Financial Data Schedule
Year Ended December 31, 2015

Line Item No.	Description	Project WA005000001	Project WA005000002	Project WA005000003	Project WA005000004	Project WA005000005	Project WA005000006	Project WA005000007	Project WA005000008	Project WA005000009	Project WA005000010
111	Cash - Unrestricted	341,241	327,418	287,467	158,973	204,223	69,151	35,580	10,179	5,581	65,504
112	Cash - Restricted - Modernization and Development	-	-	-	-	-	-	-	-	-	-
113	Cash - Other Restricted	50	-	5,611	-	-	400	-	-	-	-
114	Cash - Tenant Security Deposits	30,350	26,985	28,900	-	-	8,150	-	-	-	-
115	Cash - Restricted for Payment of Current Liabilities	-	-	-	-	-	-	-	-	-	-
100	Total Cash	\$ 371,641	\$ 354,403	\$ 321,978	\$ 158,973	\$ 204,223	\$ 77,701	\$ 35,580	\$ 10,179	\$ 5,581	\$ 65,504
121	Accounts Receivable - PHA Projects	-	-	-	-	-	-	-	-	-	-
122	Accounts Receivable - HUD Other Projects	-	-	-	-	-	-	-	-	-	-
124	Accounts Receivable - Other Government	-	-	-	-	-	-	-	-	-	-
125	Accounts Receivable - Miscellaneous	-	-	-	-	-	-	-	-	-	-
126	Accounts Receivable - Tenants	6,434	11,254	23,268	-	-	2,213	-	-	-	-
126.1	Allowance for Doubtful Accounts - Tenants	(2,671)	(1,298)	(71)	-	-	(1,722)	-	-	-	-
126.2	Allowance for Doubtful Accounts - Other	-	-	-	-	-	-	-	-	-	-
127	Notes, Loans, & Mortgages Receivable - Current	-	-	-	-	-	-	-	-	-	-
128	Fraud Recovery	-	-	-	-	-	-	-	-	-	-
128.1	Allowance for Doubtful Accounts - Fraud	-	-	-	-	-	-	-	-	-	-
129	Accrued Interest Receivable	-	-	-	-	-	-	-	-	-	-
120	Total Receivables, Net of Allowances for Doubtful Accounts	\$ 3,763	\$ 9,956	\$ 23,197	\$ -	\$ -	\$ 491	\$ -	\$ -	\$ -	\$ -
131	Investments - Unrestricted	-	-	-	-	-	-	-	-	-	-
132	Investments - Restricted	-	-	-	-	-	-	-	-	-	-
135	Investments - Restricted for Payment of Current Liability	-	-	-	-	-	-	-	-	-	-
142	Prepaid Expenses and Other Assets	18,653	15,038	12,849	-	1,286	5,306	358	204	68	939
143	Inventories	-	-	-	-	-	-	-	-	-	-
143.1	Allowance for Obsolete Inventories	-	-	-	-	-	-	-	-	-	-
144	Inter Program Due From	-	-	-	-	-	-	-	-	-	-
145	Assets Held for Sale	-	-	-	-	-	-	-	-	-	-
150	Total Current Assets	\$ 394,057	\$ 379,397	\$ 358,024	\$ 158,973	\$ 205,509	\$ 83,498	\$ 35,938	\$ 10,383	\$ 5,649	\$ 66,443
161	Land	48,190	69,583	990,921	-	1,493,032	272,225	60,579	60,579	-	774,771
162	Buildings	13,173,376	10,554,776	12,753,972	-	445,628	3,684,730	-	-	-	-
163	Furniture, Equipment & Machinery - Dwellings	139,658	170,119	106,368	-	-	-	-	-	-	-
164	Furniture, Equipment & Machinery - Administration	23,041	-	184,794	-	215,657	-	-	-	-	-
165	Leasehold Improvements	230,346	473,677	1,622,664	-	5,535,849	-	-	-	-	-
166	Accumulated Depreciation	(9,259,499)	(8,053,671)	(9,894,189)	-	(2,860,480)	(1,739,200)	-	-	-	-
167	Construction in Progress	-	-	685,009	-	-	-	-	-	-	-
168	Infrastructure	-	-	-	-	-	-	-	-	-	-
160	Total Capital Assets, Net of Accumulated Depreciation	\$ 4,355,112	\$ 3,214,484	\$ 6,449,539	\$ -	\$ 4,829,686	\$ 2,217,755	\$ 60,579	\$ 60,579	\$ -	\$ 774,771
171	Notes, Loans and Mortgages Receivable - Non-Current	-	-	-	-	-	-	231,291	48,523	41,587	-
172	Notes, Loans, & Mortgages Receivable - Non Current - Past	-	-	-	-	-	-	-	-	-	-
173	Grants Receivable - Non Current	-	-	-	-	-	-	-	-	-	-
174	Other Assets	-	-	-	-	-	-	-	-	-	-
176	Investments in Joint Ventures	-	-	-	-	-	-	-	-	-	-
180	Total Non-Current Assets	\$ 4,355,112	\$ 3,214,484	\$ 6,449,539	\$ -	\$ 4,829,686	\$ 2,217,755	\$ 291,870	\$ 109,102	\$ 41,587	\$ 774,771

Supplemental Financial Data Schedule
Year Ended December 31, 2015

Line Item No.	Description	Project WA005000001	Project WA005000002	Project WA005000003	Project WA005000004	Project WA005000005	Project WA005000006	Project WA005000007	Project WA005000008	Project WA005000009	Project WA005000010
200	Deferred Outflow of Resources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
290	Total Assets and Deferred Outflow of Resources	\$ 4,749,169	\$ 3,593,881	\$ 6,807,563	\$ 158,973	\$ 5,035,195	\$ 2,301,253	\$ 327,808	\$ 119,485	\$ 47,236	\$ 841,214
311	Bank Overdraft	-	-	-	-	-	-	-	-	-	-
312	Accounts Payable <= 90 Days	45,016	37,579	32,416	-	-	8,993	11,364	11,056	9,505	11,436
313	Accounts Payable >90 Days Past Due	-	-	-	-	-	-	-	-	-	-
321	Accrued Wage/Payroll Taxes Payable	-	-	-	-	-	-	-	-	-	-
322	Accrued Compensated Absences - Current Portion	1,000	200	303	-	-	74	-	-	-	-
324	Accrued Contingency Liability	-	-	-	-	-	-	-	-	-	-
325	Accrued Interest Payable	-	-	-	-	-	-	-	-	-	-
331	Accounts Payable - HUD PHA Programs	-	-	-	-	-	-	-	-	-	-
332	Account Payable - PHA Projects	-	-	-	-	-	-	-	-	-	-
333	Accounts Payable - Other Government	-	-	-	-	-	-	-	-	-	-
341	Tenant Security Deposits	30,350	26,985	29,100	-	-	8,150	-	-	-	-
342	Unearned Revenue	1,643	3,100	1,621	-	-	25	-	-	-	-
343	Current Portion of Long-term Debt - Capital	-	-	-	-	-	-	-	-	-	-
344	Current Portion of Long-term Debt - Operating Borrowings	-	-	-	-	-	-	-	-	-	-
345	Other Current Liabilities	1,648	4,005	33,614	-	-	2,870	-	-	-	-
346	Accrued Liabilities - Other	3,332	2,039	1,042	58	251	20	-	-	-	-
347	Inter Program - Due To	-	-	-	-	-	-	-	-	-	-
348	Loan Liability - Current	-	-	-	-	-	-	-	-	-	-
310	Total Current Liabilities	\$ 82,989	\$ 73,908	\$ 98,096	\$ 58	\$ 251	\$ 20,132	\$ 11,364	\$ 11,056	\$ 9,505	\$ 11,436
351	Long-term Debt, Net of Current-Capital Projects/Mortgage	-	-	-	-	-	-	-	-	-	-
352	Long-term Debt, Net of Current-Operating Borrowings	-	-	-	-	-	-	-	-	-	-
353	Non-current Liabilities - Other	50	-	5,611	-	-	400	-	-	-	-
354	Accrued Compensated Absences - Non Current	18,188	11,692	12,015	-	-	3,310	-	-	-	-
355	Loan Liability - Non Current	-	-	-	-	-	-	-	-	-	-
356	FASB 5 Liabilities	-	-	-	-	-	-	-	-	-	-
357	Accrued Pension and OPEB Liabilities	-	-	-	-	-	-	-	-	-	-
350	Total Non-Current Liabilities	\$ 18,238	\$ 11,692	\$ 17,626	\$ -	\$ -	\$ 3,710	\$ -	\$ -	\$ -	\$ -
300	Total Liabilities	\$ 101,227	\$ 85,600	\$ 115,722	\$ 58	\$ 251	\$ 23,842	\$ 11,364	\$ 11,056	\$ 9,505	\$ 11,436
400	Deferred Inflow of Resources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
508.4	Net Investment in Capital Assets	4,355,112	3,214,484	6,449,539	-	4,829,686	2,217,755	60,579	60,579	-	774,771
511.4	Restricted Net Position	-	-	-	-	-	-	-	-	-	-
512.4	Unrestricted Net Position	292,830	293,797	242,302	158,915	205,258	59,656	255,865	47,850	37,731	55,007
513	Total Equity - Net Position	\$ 4,647,942	\$ 3,508,281	\$ 6,691,841	\$ 158,915	\$ 5,034,944	\$ 2,277,411	\$ 316,444	\$ 108,429	\$ 37,731	\$ 829,778
600	Total Liab., Def. Inflow of Res., and Equity - Net Position	\$ 4,749,169	\$ 3,593,881	\$ 6,807,563	\$ 158,973	\$ 5,035,195	\$ 2,301,253	\$ 327,808	\$ 119,485	\$ 47,236	\$ 841,214
70300	Net Tenant Rental Revenue	447,177	401,615	401,149	-	-	73,431	-	-	-	-

Supplemental Financial Data Schedule
Year Ended December 31, 2015

Line Item No.	Description	Project WA005000001	Project WA005000002	Project WA005000003	Project WA005000004	Project WA005000005	Project WA005000006	Project WA005000007	Project WA005000008	Project WA005000009	Project WA005000010
70400	Tenant Revenue - Other	11,269	136,429	42,124	960	-	2,899	-	-	-	-
70500	Total Tenant Revenue	\$ 458,446	\$ 538,044	\$ 443,273	\$ 960	\$ -	\$ 76,330	\$ -	\$ -	\$ -	\$ -
70600	HUD PHA Operating Grants	-	-	-	-	-	-	-	-	-	-
70610	Capital Grants	-	-	-	-	-	-	-	-	-	-
70710	Management Fee	-	-	-	-	-	-	-	-	-	-
70720	Asset Management Fee	-	-	-	-	-	-	-	-	-	-
70730	Book Keeping Fee	-	-	-	-	-	-	-	-	-	-
70740	Front Line Service Fee	-	-	-	-	-	-	-	-	-	-
70750	Other Fees	-	-	-	-	-	-	-	-	-	-
70700	Total Fee Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
70800	Other Government Grants	-	-	-	-	-	-	-	-	-	-
71100	Investment Income - Unrestricted	948	941	1,019	378	819	203	-	-	-	-
71200	Mortgage Interest Income	-	-	-	-	-	-	-	-	-	-
71300	Proceeds from Disposition of Assets Held for Sale	-	-	-	-	-	-	-	-	-	-
71310	Cost of Sale of Assets	-	-	-	-	-	-	-	-	-	-
71400	Fraud Recovery	-	-	-	-	-	-	-	-	-	-
71500	Other Revenue	11,002	8,341	3,879	17,902	-	389	-	-	-	-
71600	Gain or Loss on Sale of Capital Assets	-	-	1,700	-	-	-	-	-	-	-
72000	Investment Income - Restricted	-	-	-	-	-	-	-	-	-	-
70000	Total Revenue	\$ 470,396	\$ 547,326	\$ 449,871	\$ 19,240	\$ 819	\$ 76,922	\$ -	\$ -	\$ -	\$ -
91100	Administrative Salaries	87,124	81,440	77,947	-	-	17,796	-	-	-	-
91200	Auditing Fees	1,953	1,855	1,757	-	-	415	256	146	50	670
91300	Management Fee	-	-	-	-	-	-	-	-	-	-
91310	Book-keeping Fee	-	-	-	-	-	-	-	-	-	-
91400	Advertising and Marketing	-	-	-	-	-	-	-	-	-	-
91500	Employee Benefit contributions - Administrative	24,461	22,666	28,663	-	-	7,323	-	-	-	-
91600	Office Expenses	25,720	26,733	28,290	-	-	5,348	-	-	-	-
91700	Legal Expense	828	2,434	1,571	-	-	5,848	-	-	-	-
91800	Travel	720	684	426	-	-	76	-	-	-	-
91810	Allocated Overhead	-	-	-	-	-	-	-	-	-	-
91900	Other	192,202	184,473	170,014	-	6	33,717	-	-	-	613
91000	Total Operating - Administrative	\$ 333,008	\$ 320,285	\$ 308,668	\$ -	\$ 6	\$ 70,523	\$ 256	\$ 146	\$ 50	\$ 1,283
92000	Asset Management Fee	-	-	-	-	-	-	-	-	-	-
92100	Tenant Services - Salaries	-	-	-	-	-	-	-	-	-	-
92200	Relocation Costs	15,009	11,615	12,414	-	-	2,664	-	-	-	-
92300	Employee Benefit Contributions - Tenant Services	-	-	-	-	-	-	-	-	-	-
92400	Tenant Services - Other	2,174	2,867	2,345	-	-	157	-	-	-	-
92500	Total Tenant Services	\$ 17,183	\$ 14,482	\$ 14,759	\$ -	\$ -	\$ 2,821	\$ -	\$ -	\$ -	\$ -
93100	Water	26,054	20,840	30,276	-	-	1,666	-	-	-	-
93200	Electricity	68,440	59,452	35,146	-	-	2,381	-	-	-	-
93300	Gas	24,908	15,286	4,811	-	-	420	-	-	-	-
93400	Fuel	-	-	-	-	-	-	-	-	-	-

Supplemental Financial Data Schedule
Year Ended December 31, 2015

Line Item No.	Description	Project WA005000001	Project WA005000002	Project WA005000003	Project WA005000004	Project WA005000005	Project WA005000006	Project WA005000007	Project WA005000008	Project WA005000009	Project WA005000010
93500	Labor	-	-	-	-	-	-	-	-	-	-
93600	Sewer	81,104	62,193	92,055	-	-	4,738	-	-	-	-
93700	Employee Benefit Contributions - Utilities	-	-	-	-	-	-	-	-	-	-
93800	Other Utilities Expense	-	-	-	-	-	-	-	-	-	-
93900	Total Utilities	\$ 200,506	\$ 157,771	\$ 162,288	\$ -	\$ -	\$ 9,205	\$ -	\$ -	\$ -	\$ -
94100	Ordinary Maintenance and Operations - Labor	134,002	132,296	152,942	-	-	31,805	-	-	-	-
94200	Ordinary Maintenance and Operations - Materials and	34,151	32,482	64,094	-	-	21,791	-	-	-	-
94300	Ordinary Maintenance and Operations Contracts	199,220	135,637	146,770	-	-	47,647	-	-	-	-
94500	Employee Benefit Contributions - Ordinary Maintenance	49,538	49,616	59,549	-	-	11,487	-	-	-	-
94000	Total Maintenance	\$ 416,911	\$ 350,031	\$ 423,355	\$ -	\$ -	\$ 112,730	\$ -	\$ -	\$ -	\$ -
95100	Protective Services - Labor	-	-	-	-	-	-	-	-	-	-
95200	Protective Services - Other Contract Costs	24,986	24,705	12,446	-	-	12	-	-	-	-
95300	Protective Services - Other	5,994	4,590	204	-	-	-	-	-	-	-
95500	Employee Benefit Contributions - Protective Services	-	-	-	-	-	-	-	-	-	-
95000	Total Protective Services	\$ 30,980	\$ 29,295	\$ 12,650	\$ -	\$ -	\$ 12	\$ -	\$ -	\$ -	\$ -
96110	Property Insurance	22,757	17,362	14,198	-	2,011	6,897	-	-	-	-
96120	Liability Insurance	4,045	3,798	3,685	16	28	857	-	-	-	-
96130	Workmen's Compensation	8,894	8,910	9,193	-	-	1,876	-	-	-	-
96140	All Other Insurance	2,166	1,898	2,707	-	-	668	-	-	-	-
96100	Total Insurance Premiums	\$ 37,862	\$ 31,968	\$ 29,783	\$ 16	\$ 2,039	\$ 10,298	\$ -	\$ -	\$ -	\$ -
96200	Other General Expenses	2,427	2,605	1,393	-	-	172	59,580	24,637	13,466	137,467
96210	Compensated Absences	3,178	1,970	2,040	-	-	561	-	-	-	-
96300	Payments in Lieu of Taxes	2,730	2,594	2,457	-	-	580	358	205	68	939
96400	Bad debt - Tenant Rents	6,570	125,152	12,693	-	-	-	-	-	-	-
96500	Bad debt - Mortgages	-	-	-	-	-	-	-	-	-	-
96600	Bad debt - Other	-	-	-	-	-	-	-	-	-	-
96800	Severance Expense	-	-	-	-	-	-	-	-	-	-
96000	Total Other General Expenses	\$ 14,905	\$ 132,321	\$ 18,583	\$ -	\$ -	\$ 1,313	\$ 59,938	\$ 24,842	\$ 13,534	\$ 138,406
96710	Interest of Mortgage (or Bonds) Payable	-	-	-	-	-	-	-	-	-	-
96720	Interest on Notes Payable (Short and Long Term)	-	-	-	-	-	-	-	-	-	-
96730	Amortization of Bond Issue Costs	-	-	-	-	-	-	-	-	-	-
96700	Total Interest Expense and Amortization Cost	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
96900	Total Operating Expenses	\$ 1,051,355	\$ 1,036,153	\$ 970,086	\$ 16	\$ 2,045	\$ 206,902	\$ 60,194	\$ 24,988	\$ 13,584	\$ 171,799
97000	Excess Operating Revenue Over Operating Expenses	\$ (580,959)	\$ (488,827)	\$ (520,215)	\$ 19,224	\$ (1,226)	\$ (129,980)	\$ (60,194)	\$ (24,988)	\$ (13,584)	\$ (171,799)
97100	Extraordinary Maintenance	99,436	122,294	42,308	-	-	28,007	-	-	-	-
97200	Casualty Losses - Non-capitalized	11,364	40,791	617	-	-	5,104	-	-	-	-
97300	Housing Assistance Payments	-	-	-	-	-	-	-	-	-	-
97350	HAP Portability-In	-	-	-	-	-	-	-	-	-	-
97400	Depreciation Expense	409,694	336,563	524,309	-	-	118,146	-	-	-	-
97500	Fraud Losses	-	-	-	-	-	-	-	-	-	-
97800	Dwelling Units Rent Expense	-	-	-	-	-	-	-	-	-	-

Supplemental Financial Data Schedule
Year Ended December 31, 2015

Line Item No.	Description	Project WA005000001	Project WA005000002	Project WA005000003	Project WA005000004	Project WA005000005	Project WA005000006	Project WA005000007	Project WA005000008	Project WA005000009	Project WA005000010
90000	Total Expenses	\$ 1,571,849	\$ 1,535,801	\$ 1,537,320	\$ 16	\$ 382,134	\$ 358,159	\$ 60,194	\$ 24,988	\$ 13,584	\$ 171,799
10010	Operating Transfer In	723,916	547,004	628,190	133,861	-	186,479	82,304	49,593	20,856	999,566
10020	Operating transfer Out	(2,045)	(1,942)	(524)	-	-	-	-	-	-	-
10030	Operating Transfers from/to Primary Government	-	-	-	-	-	-	-	-	-	-
10040	Operating Transfers from/to Component Unit	-	-	-	-	-	-	-	-	-	-
10070	Extraordinary Items, Net Gain/Loss	-	-	-	-	-	-	-	-	-	-
10080	Special Items (Net Gain/Loss)	-	-	-	-	-	-	-	-	-	-
10091	Inter Project Excess Cash Transfer In	17,441	108,490	-	-	-	-	-	-	-	-
10092	Inter Project Excess Cash Transfer Out	-	-	(59,254)	(17,441)	-	(32,741)	-	-	-	-
10093	Transfers between Program and Project - In	-	-	-	-	-	-	-	-	-	-
10094	Transfers between Project and Program - Out	-	-	-	-	-	-	-	-	-	-
10100	Total Other financing Sources (Uses)	\$ 739,312	\$ 653,552	\$ 568,412	\$ 116,420	\$ -	\$ 153,738	\$ 82,304	\$ 49,593	\$ 20,856	\$ 999,566
10000	Excess (Deficiency) of Revenue Over (Under) Expenses	\$ (362,141)	\$ (334,923)	\$ (519,037)	\$ 135,644	\$ (381,315)	\$ (127,499)	\$ 22,110	\$ 24,605	\$ 7,272	\$ 827,767
11020	Required Annual Debt Principal Payments	-	-	-	-	-	-	-	-	-	875,000
11030	Beginning Equity	5,010,083	3,843,204	6,612,279	23,271	5,416,259	2,404,910	294,334	83,824	30,459	(62,739)
11040	Prior period adjustments, equity transfers, and correction of errors	-	-	598,599	-	-	-	-	-	-	64,750
11170	Administrative Fee Equity	-	-	-	-	-	-	-	-	-	-
11180	Housing Assistance Payments Equity	-	-	-	-	-	-	-	-	-	-
11190	Unit Months Available	1,884	1,750	1,654	-	-	408	252	144	48	660
11210	Unit Months Leased	1,863	1,748	1,527	-	-	318	250	126	41	653
11270	Excess Cash	204,753	204,105	161,319	158,914	203,802	40,906	24,216	(877)	(3,924)	54,068
11610	Land Purchases	-	-	-	-	-	-	-	-	-	-
11620	Building Purchases	-	-	606,814	-	-	-	-	-	-	-
11630	Furniture & Equipment-Dwelling Purchases	-	-	-	-	-	-	-	-	-	-
11640	Furniture & Equipment-Administrative Purchases	-	-	-	-	-	-	-	-	-	-
11650	Leasehold Improvements Purchases	-	-	-	-	-	-	-	-	-	-
11660	Infrastructure Purchases	-	-	-	-	-	-	-	-	-	-
13510	CFFP Debt Service Payments	-	-	-	-	-	-	-	-	-	907,110
13901	Replacement Housing Factor Funds	-	-	-	-	-	-	-	-	-	83,828

Housing Authority of the City of Tacoma
Supplemental Financial Data Schedule
Year Ended December 31, 2015

Line Item No.	Description	Project WA005000011	Project WA005000012	Project WA005000013	Project WA005000014	Project WA005000015	Project WA005000016	Other Project	Business Activities	State/Local	14.OPS MTW Demonstration Program for Low Rent
111	Cash - Unrestricted	69,376	52,498	59,420	66,825	80,045	31,056	-	4,770,267	-	-
112	Cash - Restricted - Modernization and Development	-	-	-	-	-	-	-	3,115,262	-	-
113	Cash - Other Restricted	-	-	-	-	-	-	-	369,850	-	-
114	Cash - Tenant Security Deposits	-	-	-	-	-	-	-	51,197	-	-
115	Cash - Restricted for Payment of Current Liabilities	-	-	-	-	-	-	-	-	-	-
100	Total Cash	\$ 69,376	\$ 52,498	\$ 59,420	\$ 66,825	\$ 80,045	\$ 31,056	\$ -	\$ 8,306,576	\$ -	\$ -
121	Accounts Receivable - PHA Projects	-	-	-	-	-	-	-	-	-	-
122	Accounts Receivable - HUD Other Projects	-	-	-	-	-	-	-	-	-	-
124	Accounts Receivable - Other Government	-	-	-	-	-	-	-	142,186	63,995	-
125	Accounts Receivable - Miscellaneous	-	-	-	-	-	-	-	700,012	-	-
126	Accounts Receivable - Tenants	-	-	-	-	-	-	-	14,555	-	-
126.1	Allowance for Doubtful Accounts - Tenants	-	-	-	-	-	-	-	(1,897)	-	-
126.2	Allowance for Doubtful Accounts - Other	-	-	-	-	-	-	-	-	-	-
127	Notes, Loans, & Mortgages Receivable - Current	-	-	-	-	-	-	-	1,650,296	-	-
128	Fraud Recovery	-	-	-	-	-	-	-	-	-	-
128.1	Allowance for Doubtful Accounts - Fraud	-	-	-	-	-	-	-	-	-	-
129	Accrued Interest Receivable	-	-	-	-	-	-	-	55,839	-	-
120	Total Receivables, Net of Allowances for Doubtful Accounts	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,560,991	\$ 63,995	\$ -
131	Investments - Unrestricted	-	-	-	-	-	-	-	1,630,170	-	-
132	Investments - Restricted	-	-	-	-	-	-	-	-	-	-
135	Investments - Restricted for Payment of Current Liability	-	-	-	-	-	-	-	-	-	-
142	Prepaid Expenses and Other Assets	939	768	768	768	768	444	-	47,325	-	-
143	Inventories	-	-	-	-	-	-	-	-	-	-
143.1	Allowance for Obsolete Inventories	-	-	-	-	-	-	-	-	-	-
144	Inter Program Due From	-	-	-	-	-	-	-	75,680	3,005	-
145	Assets Held for Sale	-	-	-	-	-	-	-	-	-	-
150	Total Current Assets	\$ 70,315	\$ 53,266	\$ 60,188	\$ 67,593	\$ 80,813	\$ 31,500	\$ -	\$ 12,620,742	\$ 67,000	\$ -
161	Land	768,309	768,309	337,793	946,989	871,361	-	-	3,363,179	-	-
162	Buildings	-	-	-	-	-	-	-	20,185,548	-	-
163	Furniture, Equipment & Machinery - Dwellings	-	-	-	-	-	-	-	706,455	-	-
164	Furniture, Equipment & Machinery - Administration	-	-	-	-	-	-	-	771,791	-	-
165	Leasehold Improvements	-	-	-	1,402,218	1,408,840	-	-	4,736,657	-	-
166	Accumulated Depreciation	-	-	-	(560,887)	(563,536)	-	-	(5,239,510)	-	-
167	Construction in Progress	-	-	-	-	-	-	-	2,821,488	-	-
168	Infrastructure	-	-	-	-	-	-	-	-	-	-
160	Total Capital Assets, Net of Accumulated Depreciation	\$ 768,309	\$ 768,309	\$ 337,793	\$ 1,788,320	\$ 1,716,665	\$ -	\$ -	\$ 27,345,608	\$ -	\$ -
171	Notes, Loans and Mortgages Receivable - Non-Current	-	-	-	-	404,030	-	-	43,614,616	-	-
172	Notes, Loans, & Mortgages Receivable - Non Current - Past	-	-	-	-	-	-	-	-	-	-
173	Grants Receivable - Non Current	-	-	-	-	-	-	-	-	-	-
174	Other Assets	-	-	-	-	155,604	-	-	9,534,400	-	-
176	Investments in Joint Ventures	-	-	-	-	-	-	-	-	-	-
180	Total Non-Current Assets	\$ 768,309	\$ 768,309	\$ 337,793	\$ 1,788,320	\$ 2,276,299	\$ -	\$ -	\$ 80,494,624	\$ -	\$ -

Supplemental Financial Data Schedule
Year Ended December 31, 2015

Line Item No.	Description	Project WA005000011	Project WA005000012	Project WA005000013	Project WA005000014	Project WA005000015	Project WA005000016	Other Project	Business Activities	State/Local	14 OPS MTW Demonstration Program for Low Rent
200	Deferred Outflow of Resources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 308,121	\$ -	\$ -
290	Total Assets and Deferred Outflow of Resources	\$ 838,624	\$ 821,575	\$ 397,981	\$ 1,855,913	\$ 2,357,112	\$ 31,500	\$ -	\$ 93,423,487	\$ 67,000	\$ -
311	Bank Overdraft	-	-	-	-	-	-	-	-	-	-
312	Accounts Payable <= 90 Days	12,164	9,153	11,714	13,211	12,673	12,729	-	613,997	-	-
313	Accounts Payable >90 Days Past Due	-	-	-	-	-	-	-	-	-	-
321	Accrued Wage/Payroll Taxes Payable	-	-	-	-	-	-	-	292,546	-	-
322	Accrued Compensated Absences - Current Portion	-	-	-	-	-	-	-	2,099	-	-
324	Accrued Contingency Liability	-	-	-	-	-	-	-	7,044	-	-
325	Accrued Interest Payable	-	-	-	-	-	-	-	-	-	-
331	Accounts Payable - HUD PHA Programs	-	-	-	-	-	-	-	-	-	-
332	Account Payable - PHA Projects	-	-	-	-	-	-	-	-	-	-
333	Accounts Payable - Other Government	-	-	-	-	-	-	-	-	-	-
341	Tenant Security Deposits	-	-	-	-	-	-	-	51,395	-	-
342	Unearned Revenue	-	-	-	-	-	-	-	478,355	-	-
343	Current Portion of Long-term Debt - Capital	-	-	-	-	-	-	-	126,518	-	-
344	Current Portion of Long-term Debt - Operating Borrowings	-	-	-	-	-	-	-	-	-	-
345	Other Current Liabilities	-	-	-	-	-	-	-	23,235	-	-
346	Accrued Liabilities - Other	-	-	-	-	-	-	-	1,678	-	-
347	Inter Program - Due To	-	-	-	-	-	-	-	-	-	-
348	Loan Liability - Current	-	-	-	-	-	-	-	-	-	-
310	Total Current Liabilities	\$ 12,164	\$ 9,153	\$ 11,714	\$ 13,211	\$ 12,673	\$ 12,729	\$ -	\$ 1,596,867	\$ -	\$ -
351	Long-term Debt, Net of Current-Capital Projects/Mortgage	-	-	-	-	-	-	-	33,845,704	-	-
352	Long-term Debt, Net of Current-Operating Borrowings	-	-	-	-	-	-	-	-	-	-
353	Non-current Liabilities - Other	-	-	-	-	-	-	-	966,567	-	-
354	Accrued Compensated Absences - Non Current	-	-	-	-	-	-	-	138,262	-	-
355	Loan Liability - Non Current	-	-	-	-	-	-	-	-	-	-
356	FASB 5 Liabilities	-	-	-	-	-	-	-	-	-	-
357	Accrued Pension and OPEB Liabilities	-	-	-	-	-	-	-	2,250,076	-	-
350	Total Non-Current Liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 37,200,609	\$ -	\$ -
300	Total Liabilities	\$ 12,164	\$ 9,153	\$ 11,714	\$ 13,211	\$ 12,673	\$ 12,729	\$ -	\$ 38,797,476	\$ -	\$ -
400	Deferred Inflow of Resources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 342,918	\$ -	\$ -
508.4	Net Investment in Capital Assets	768,309	768,309	337,793	1,788,320	1,716,665	-	-	8,790,186	-	-
511.4	Restricted Net Position	-	-	-	-	-	-	-	3,485,112	-	-
512.4	Unrestricted Net Position	58,151	44,113	48,474	54,382	627,774	18,771	-	42,007,795	67,000	-
513	Total Equity - Net Position	\$ 826,460	\$ 812,422	\$ 386,267	\$ 1,842,702	\$ 2,344,439	\$ 18,771	\$ -	\$ 54,283,093	\$ 67,000	\$ -
600	Total Liab., Def. Inflow of Res., and Equity - Net Position	\$ 838,624	\$ 821,575	\$ 397,981	\$ 1,855,913	\$ 2,357,112	\$ 31,500	\$ -	\$ 93,423,487	\$ 67,000	\$ -
70300	Net Tenant Rental Revenue	-	-	-	-	-	-	-	1,389,286	-	-

Supplemental Financial Data Schedule
Year Ended December 31, 2015

Line Item No.	Description	Project WA005000011	Project WA005000012	Project WA005000013	Project WA005000014	Project WA005000015	Project WA005000016	Other Project	Business Activities	State/Local	14 OPS MTW Demonstration Program for Low Rent
70400	Tenant Revenue - Other	-	-	-	-	-	-	-	41,977	-	-
70500	Total Tenant Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,431,263	\$ -	\$ -
70600	HUD PHA Operating Grants	-	-	-	-	-	-	-	-	-	2,423,262
70610	Capital Grants	-	-	-	-	-	-	-	-	-	-
70710	Management Fee	-	-	-	-	-	-	-	-	-	-
70720	Asset Management Fee	-	-	-	-	-	-	-	-	-	-
70730	Book Keeping Fee	-	-	-	-	-	-	-	-	-	-
70740	Front Line Service Fee	-	-	-	-	-	-	-	-	-	-
70750	Other Fees	-	-	-	-	-	-	-	100,093	-	-
70700	Total Fee Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 100,093	\$ -	\$ -
70800	Other Government Grants	-	-	-	-	-	-	-	-	360,161	-
71100	Investment Income - Unrestricted	-	-	-	-	-	-	-	31,830	8	-
71200	Mortgage Interest Income	-	-	-	-	37,776	-	-	1,363,847	-	-
71300	Proceeds from Disposition of Assets Held for Sale	-	-	-	-	-	-	-	-	-	-
71310	Cost of Sale of Assets	-	-	-	-	-	-	-	-	-	-
71400	Fraud Recovery	-	-	-	-	-	-	-	-	-	-
71500	Other Revenue	-	-	-	-	-	-	-	1,757,069	-	-
71600	Gain or Loss on Sale of Capital Assets	-	-	-	-	-	-	-	282,404	-	-
72000	Investment Income - Restricted	-	-	-	-	-	-	-	-	-	-
70000	Total Revenue	\$ -	\$ -	\$ -	\$ -	\$ 37,776	\$ -	\$ -	\$ 4,966,506	\$ 360,169	\$ 2,423,262
91100	Administrative Salaries	-	-	-	-	-	-	-	1,328,698	12,348	-
91200	Auditing Fees	671	549	549	549	550	317	-	17,803	-	-
91300	Management Fee	-	-	-	-	-	-	-	8,256	7,365	-
91310	Book-keeping Fee	-	-	-	-	-	-	-	-	-	-
91400	Advertising and Marketing	-	-	-	-	-	-	-	1,058	-	-
91500	Employee Benefit contributions - Administrative	-	-	-	-	-	-	-	496,131	5,451	-
91600	Office Expenses	-	-	-	-	-	-	-	105,769	6,860	-
91700	Legal Expense	-	-	-	-	-	-	-	83,114	-	-
91800	Travel	-	-	-	-	-	-	-	20,794	-	-
91810	Allocated Overhead	-	-	-	-	-	-	-	-	-	-
91900	Other	613	525	-	-	-	-	-	196,683	457	-
91000	Total Operating - Administrative	\$ 1,284	\$ 1,074	\$ 549	\$ 549	\$ 550	\$ 317	\$ -	\$ 2,258,306	\$ 32,481	\$ -
92000	Asset Management Fee	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
92100	Tenant Services - Salaries	-	-	-	-	-	-	-	209,884	130,551	-
92200	Relocation Costs	-	-	-	-	-	-	-	4,642	-	-
92300	Employee Benefit Contributions - Tenant Services	-	-	-	-	-	-	-	71,199	47,119	-
92400	Tenant Services - Other	-	-	-	-	-	-	-	58,156	4,000	-
92500	Total Tenant Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 343,881	\$ 181,670	\$ -
93100	Water	-	-	-	-	-	-	-	46,563	215	-
93200	Electricity	-	-	-	-	-	-	-	15,895	160	-
93300	Gas	-	-	-	-	-	-	-	1,421	56	-
93400	Fuel	-	-	-	-	-	-	-	-	-	-

Supplemental Financial Data Schedule
Year Ended December 31, 2015

Line Item No.	Description	Project WA005000011	Project WA005000012	Project WA005000013	Project WA005000014	Project WA005000015	Project WA005000016	Other Project	Business Activities	State/Local	14 OPS MTW Demonstration Program for Low Rent
93500	Labor	-	-	-	-	-	-	-	-	-	-
93600	Sewer	-	-	-	-	-	-	-	72,914	567	-
93700	Employee Benefit Contributions - Utilities	-	-	-	-	-	-	-	-	-	-
93800	Other Utilities Expense	-	-	-	-	-	-	-	-	-	-
93000	Total Utilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 136,793	\$ 998	\$ -
94100	Ordinary Maintenance and Operations - Labor	-	-	-	-	-	-	-	496,189	-	-
94200	Ordinary Maintenance and Operations - Materials and Ordinary Maintenance and Operations Contracts	-	-	-	-	-	-	-	33,210	-	-
94300	Ordinary Maintenance and Operations Contracts	-	-	-	-	-	-	-	145,997	399	-
94500	Employee Benefit Contributions - Ordinary Maintenance	-	-	-	-	-	-	-	185,138	-	-
94000	Total Maintenance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 860,534	\$ 399	\$ -
95100	Protective Services - Labor	-	-	-	-	-	-	-	-	-	-
95200	Protective Services - Other Contract Costs	-	-	-	-	-	-	-	4	6,234	-
95300	Protective Services - Other	-	-	-	-	-	-	-	74	-	-
95500	Employee Benefit Contributions - Protective Services	-	-	-	-	-	-	-	-	-	-
95000	Total Protective Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 78	\$ 6,234	\$ -
96110	Property Insurance	-	-	-	-	-	-	-	26,545	522	-
96120	Liability Insurance	-	-	-	-	-	-	-	6,658	49	-
96130	Workmen's Compensation	-	-	-	-	-	-	-	36,360	724	-
96140	All Other Insurance	-	-	-	-	-	-	-	1,622	-	-
96100	Total Insurance Premiums	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 70,185	\$ 1,295	\$ -
96200	Other General Expenses	146,201	110,039	140,572	158,531	152,078	80,277	-	166,910	11	-
96210	Compensated Absences	-	-	-	-	-	-	-	23,250	-	-
96300	Payments in Lieu of Taxes	939	768	768	768	769	444	-	-	-	-
96400	Bad debt - Tenant Rents	-	-	-	-	-	-	-	20,150	-	-
96500	Bad debt - Mortgages	-	-	-	-	-	-	-	-	-	-
96600	Bad debt - Other	-	-	-	-	-	-	-	-	-	-
96800	Severance Expense	-	-	-	-	-	-	-	212,268	-	-
96000	Total Other General Expenses	\$ 147,140	\$ 110,807	\$ 141,340	\$ 159,299	\$ 152,847	\$ 80,721	\$ -	\$ 422,578	\$ 11	\$ -
96710	Interest of Mortgage (or Bonds) Payable	-	-	-	-	-	-	-	-	-	-
96720	Interest on Notes Payable (Short and Long Term)	32,110	27,524	-	-	-	-	-	28,311	-	-
96730	Amortization of Bond Issue Costs	-	-	-	-	-	-	-	-	-	-
96700	Total Interest Expense and Amortization Cost	\$ 32,110	\$ 27,524	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 28,311	\$ -	\$ -
96900	Total Operating Expenses	\$ 180,534	\$ 139,405	\$ 141,889	\$ 159,848	\$ 153,397	\$ 81,038	\$ -	\$ 4,120,666	\$ 223,088	\$ -
97000	Excess Operating Revenue Over Operating Expenses	\$ (180,534)	\$ (139,405)	\$ (141,889)	\$ (159,848)	\$ (115,621)	\$ (81,038)	\$ -	\$ 845,840	\$ 137,081	\$ 2,423,262
97100	Extraordinary Maintenance	-	-	-	-	-	-	-	-	-	-
97200	Casualty Losses - Non-capitalized	-	-	-	-	-	-	-	26,100	-	-
97300	Housing Assistance Payments	-	-	-	-	-	-	-	-	-	-
97350	HAP Portability-In	-	-	-	-	-	-	-	-	-	-
97400	Depreciation Expense	-	-	-	93,481	93,923	-	-	856,835	-	-
97500	Fraud Losses	-	-	-	-	-	-	-	-	-	-
97800	Dwelling Units Rent Expense	-	-	-	-	-	-	-	-	-	-

Supplemental Financial Data Schedule
Year Ended December 31, 2015

Line Item No.	Description	Project WA005000011	Project WA005000012	Project WA005000013	Project WA005000014	Project WA005000015	Project WA005000016	Other Project	Business Activities	State/Local	14. OPS MTW Demonstration Program for Low Rent
90000	Total Expenses	\$ 180,534	\$ 139,405	\$ 141,889	\$ 253,329	\$ 247,320	\$ 81,038	\$ -	\$ 5,003,601	\$ 223,088	\$ -
10010	Operating Transfer In										
10020	Operating transfer Out	1,012,949	849,839	159,871	178,293	172,863	99,365	-	3,156,428	-	-
10030	Operating Transfers from/to Primary Government										
10040	Operating Transfers from/to Component Unit										
10070	Extraordinary Items, Net Gain/Loss									(116,431)	(2,423,262)
10080	Special Items (Net Gain/Loss)								(92,767)		
10091	Inter Project Excess Cash Transfer In										
10092	Inter Project Excess Cash Transfer Out			(5,714)	(5,363)	(5,418)					
10093	Transfers between Project and Program - In										
10094	Transfers between Project and Program - Out										
10100	Total Other financing Sources (Uses)	\$ 1,012,949	\$ 849,839	\$ 154,157	\$ 172,930	\$ 167,445	\$ 99,365	\$ -	\$ 3,063,661	\$ (116,431)	\$ (2,423,262)
10000	Excess (Deficiency) of Revenue Over (Under) Expenses	\$ 832,415	\$ 710,434	\$ 12,268	\$ (80,399)	\$ (42,099)	\$ 18,327	\$ -	\$ 3,026,566	\$ 20,650	\$ -
11020	Required Annual Debt Principal Payments	875,000	750,000						9,565,443		
11030	Beginning Equity	(70,705)	46,488	373,999	1,923,101	2,386,538		444	53,330,142	46,350	
11040	Prior period adjustments, equity transfers, and correction of errors	64,750	55,500				444	(444)	(2,073,615)		
11170	Administrative Fee Equity										
11180	Housing Assistance Payments Equity										
11190	Unit Months Available	660	540	540	540	540	260		2,461		
11210	Unit Months Leased	647	529	535	528	527	253		2,238		
11270	Excess Cash	57,212	43,345	47,706	53,614	67,372	18,327				
11610	Land Purchases										
11620	Building Purchases										
11630	Furniture & Equipment-Dwelling Purchases										
11640	Furniture & Equipment-Administrative Purchases										
11650	Leasehold Improvements Purchases										
11660	Infrastructure Purchases										
13510	CFFP Debt Service Payments	907,110	777,524								
13901	Replacement Housing Factor Funds	83,828	71,853								

Housing Authority of the City of Tacoma
Supplemental Financial Data Schedule
Year Ended December 31, 2015

Line Item No.	Description	14.CFP MTW Demonstration Program for Capital Fund	14.HCV MTW Demonstration Program for HCV Program	14.881 Moving to Work Demonstration Program	14.871 Housing Choice Vouchers	14.880 Family Unification Program (FUP)	14.239 HOME Investment Partnerships Program	14.870 Resident Opportunity and Supportive Services	14.218 Community Development Block Grant Grants/Entitlement Grants	14.249 Section 8 Moderate Rehabilitation Single Room Occupancy	14.890 Capital Fund Education and Training Community Facilities
111	Cash - Unrestricted	-	-	1,360,976	-	-	-	-	-	52,305	-
112	Cash - Restricted - Modernization and Development	-	-	-	-	-	-	-	-	-	-
113	Cash - Other Restricted	-	-	101,302	292,194	-	-	-	-	-	-
114	Cash - Tenant Security Deposits	-	-	-	-	-	-	-	-	-	-
115	Cash - Restricted for Payment of Current Liabilities	-	-	-	-	-	-	-	-	3,642	-
100	Total Cash	\$ -	\$ -	\$ 1,462,278	\$ 292,194	\$ -	\$ -	\$ -	\$ -	\$ 55,947	\$ -
121	Accounts Receivable - PHA Projects	-	-	63,290	-	-	-	-	-	-	-
122	Accounts Receivable - HUD Other Projects	-	-	-	-	-	-	12,029	-	1,064	-
124	Accounts Receivable - Other Government	-	-	-	-	-	-	-	5,987	-	-
125	Accounts Receivable - Miscellaneous	-	-	136,186	598	-	-	-	-	-	-
126	Accounts Receivable - Tenants	-	-	-	-	-	-	-	-	-	-
126.1	Allowance for Doubtful Accounts - Tenants	-	-	-	-	-	-	-	-	-	-
126.2	Allowance for Doubtful Accounts - Other	-	-	-	-	-	-	-	-	-	-
127	Notes, Loans, & Mortgages Receivable - Current	-	-	-	-	-	-	-	-	-	-
128	Fraud Recovery	-	-	15,684	9,526	-	-	-	-	465	-
128.1	Allowance for Doubtful Accounts - Fraud	-	-	(7,842)	(4,764)	-	-	-	-	(465)	-
129	Accrued Interest Receivable	-	-	-	-	-	-	-	-	-	-
120	Total Receivables, Net of Allowances for Doubtful Accounts	\$ -	\$ -	\$ 207,318	\$ 5,360	\$ -	\$ -	\$ 12,029	\$ 5,987	\$ 1,064	\$ -
131	Investments - Unrestricted	-	-	-	-	-	-	-	-	-	-
132	Investments - Restricted	-	-	-	-	-	-	-	-	-	-
135	Investments - Restricted for Payment of Current Liability	-	-	-	-	-	-	-	-	-	-
142	Prepaid Expenses and Other Assets	-	-	125,374	232	-	-	-	-	59	-
143	Inventories	-	-	-	-	-	-	-	-	-	-
143.1	Allowance for Obsolete Inventories	-	-	-	-	-	-	-	-	-	-
144	Inter Program Due From	-	-	-	-	-	-	-	-	-	-
145	Assets Held for Sale	-	-	-	-	-	-	-	-	-	-
150	Total Current Assets	\$ -	\$ -	\$ 1,794,970	\$ 297,786	\$ -	\$ -	\$ 12,029	\$ 5,987	\$ 57,070	\$ -
161	Land	-	-	-	-	-	-	-	-	-	-
162	Buildings	-	-	348,052	-	-	-	-	-	-	-
163	Furniture, Equipment & Machinery - Dwellings	-	-	5,003,016	-	-	-	-	-	-	-
164	Furniture, Equipment & Machinery - Administration	-	-	-	-	-	-	-	-	-	-
165	Leasehold Improvements	-	-	1,778,663	-	-	-	-	-	-	-
166	Accumulated Depreciation	-	-	161,667	-	-	-	-	-	-	-
167	Construction in Progress	-	-	(4,039,016)	-	-	-	-	-	-	-
168	Infrastructure	-	-	-	-	-	-	-	-	-	-
160	Total Capital Assets, Net of Accumulated Depreciation	\$ -	\$ -	\$ 3,252,382	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
171	Notes, Loans and Mortgages Receivable - Non-Current	-	-	-	-	-	-	-	-	-	1,733,003
172	Notes, Loans, & Mortgages Receivable - Non Current - Past	-	-	-	-	-	-	-	-	-	-
173	Grants Receivable - Non Current	-	-	-	-	-	-	-	-	-	-
174	Other Assets	-	-	111,590	-	-	-	-	-	-	-
176	Investments in Joint Ventures	-	-	-	-	-	-	-	-	-	-
180	Total Non-Current Assets	\$ -	\$ -	\$ 3,363,972	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,733,003

Supplemental Financial Data Schedule
Year Ended December 31, 2015

Line Item No.	Description	14.CFP MTW Demonstration Program for Capital Fund	14.HCV MTW Demonstration Program for HCV Program	14.881 Moving to Work Demonstration Program	14.871 Housing Choice Vouchers	14.880 Family Unification Program (FUP)	14.239 HOME Investment Partnerships Program	14.870 Resident Opportunity and Supportive Services	14.218 Community Development Block Grants/Entitlement Grants	14.249 Section 8 Moderate Rehabilitation Single Room Occupancy	14.890 Capital Fund Education and Training Community Facilities
200	Deferred Outflow of Resources	\$ -	\$ -	\$ 509,562	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
290	Total Assets and Deferred Outflow of Resources	\$ -	\$ -	\$ 5,668,504	\$ 297,786	\$ -	\$ -	\$ 12,029	\$ 5,987	\$ 57,070	\$ 1,733,003
311	Bank Overdraft	-	-	-	-	-	-	-	-	-	-
312	Accounts Payable <= 90 Days	-	-	529,806	3,834	-	-	-	-	-	-
313	Accounts Payable >90 Days Past Due	-	-	-	-	-	-	-	-	-	-
321	Accrued Wage/Payroll Taxes Payable	-	-	-	-	-	-	-	-	-	-
322	Accrued Compensated Absences - Current Portion	-	-	11,075	-	-	-	-	-	-	-
324	Accrued Contingency Liability	-	-	-	-	-	-	-	-	-	-
325	Accrued Interest Payable	-	-	-	-	-	-	-	-	-	-
331	Accounts Payable - HUD PHA Programs	-	-	-	138	-	-	-	-	3,642	-
332	Account Payable - PHA Projects	-	-	-	-	-	-	-	-	-	-
333	Accounts Payable - Other Government	-	-	-	-	-	-	-	-	-	-
341	Tenant Security Deposits	-	-	-	-	-	-	-	-	-	-
342	Unearned Revenue	-	-	-	-	-	-	-	-	-	-
343	Current Portion of Long-term Debt - Capital	-	-	-	-	-	-	-	-	-	-
344	Current Portion of Long-term Debt - Operating Borrowings	-	-	-	-	-	-	-	-	-	-
345	Other Current Liabilities	-	-	65,396	-	-	-	-	-	-	-
346	Accrued Liabilities - Other	-	-	532	-	-	-	-	-	-	-
347	Inter Program - Due To	-	-	32,384	-	-	-	12,029	5,987	-	-
348	Loan Liability - Current	-	-	-	-	-	-	-	-	-	-
310	Total Current Liabilities	\$ -	\$ -	\$ 639,193	\$ 3,972	\$ -	\$ -	\$ 12,029	\$ 5,987	\$ 3,642	\$ -
351	Long-term Debt, Net of Current-Capital Projects/Mortgage	-	-	-	-	-	250,000	-	-	-	-
352	Long-term Debt, Net of Current-Operating Borrowings	-	-	-	-	-	-	-	-	-	-
353	Non-current Liabilities - Other	-	-	101,302	600	-	-	-	-	-	-
354	Accrued Compensated Absences - Non Current	-	-	495,443	-	-	-	-	-	-	-
355	Loan Liability - Non Current	-	-	-	-	-	-	-	-	-	-
356	FASB 5 Liabilities	-	-	-	-	-	-	-	-	-	-
357	Accrued Pension and OPEB Liabilities	-	-	3,721,115	-	-	-	-	-	-	-
350	Total Non-Current Liabilities	\$ -	\$ -	\$ 4,317,860	\$ 600	\$ -	\$ 250,000	\$ -	\$ -	\$ -	\$ -
300	Total Liabilities	\$ -	\$ -	\$ 4,957,053	\$ 4,572	\$ -	\$ 250,000	\$ 12,029	\$ 5,987	\$ 3,642	\$ -
400	Deferred Inflow of Resources	\$ -	\$ -	\$ 567,110	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
508.4	Net Investment in Capital Assets	-	-	3,252,382	-	-	(250,000)	-	-	-	-
511.4	Restricted Net Position	-	-	-	293,214	-	-	-	-	-	-
512.4	Unrestricted Net Position	-	-	(3,108,041)	-	-	-	-	-	53,428	1,733,003
513	Total Equity - Net Position	\$ -	\$ -	\$ 144,341	\$ 293,214	\$ -	\$ (250,000)	\$ -	\$ -	\$ 53,428	\$ 1,733,003
600	Total Liab., Def. Inflow of Res., and Equity - Net Position	\$ -	\$ -	\$ 5,668,504	\$ 297,786	\$ -	\$ -	\$ 12,029	\$ 5,987	\$ 57,070	\$ 1,733,003
70300	Net Tenant Rental Revenue	-	-	-	-	-	-	-	-	-	-

Supplemental Financial Data Schedule
Year Ended December 31, 2015

Line Item No.	Description	14.CFP MTW Demonstration Program for Capital Fund	14.HCV MTW Demonstration Program for HCV Program	14.881 Moving to Work Demonstration Program	14.871 Housing Choice Vouchers	14.880 Family Unification Program (FUP)	14.239 HOME Investment Partnerships Program	14.870 Resident Opportunity and Supportive Services	14.218 Community Development Block Grants/Entitlement Grants	14.249 Section 8 Moderate Rehabilitation Single Room Occupancy	14.890 Capital Fund Education and Training Community Facilities
70400	Tenant Revenue - Other	-	-	-	-	-	-	-	-	-	-
70500	Total Tenant Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
70600	HUD PHA Operating Grants	524,019	38,167,444	-	2,040,438	-	-	90,908	-	390,440	8,055
70610	Capital Grants	1,832,833	-	-	-	-	-	-	-	-	-
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	-	-	-	-	-	-	-	-	-	-
71100	Investment Income - Unrestricted	-	-	-	-	-	-	-	38,524	-	-
71200	Mortgage Interest Income	-	-	21,432	500	-	-	-	-	25	-
71300	Proceeds from Disposition of Assets Held for Sale	-	-	-	-	-	-	-	-	-	-
71310	Cost of Sale of Assets	-	-	-	-	-	-	-	-	-	-
71400	Fraud Recovery	-	-	13,130	9,170	-	-	-	-	402	-
71500	Other Revenue	-	-	1,472,716	-	-	-	-	-	-	-
71600	Gain or Loss on Sale of Capital Assets	-	-	601	-	-	-	-	-	-	-
72000	Investment Income - Restricted	-	-	-	-	-	-	-	-	-	-
70000	Total Revenue	\$ 2,356,852	\$ 38,167,444	\$ 1,507,879	\$ 2,050,108	\$ -	\$ -	\$ 90,908	\$ 38,524	\$ 390,867	\$ 8,055
91100	Administrative Salaries	-	-	3,880,243	-	-	-	-	-	-	5,839
91200	Auditing Fees	-	-	27,102	875	-	-	-	-	190	-
91300	Management Fee	-	-	-	98,442	-	-	-	-	44,010	-
91310	Book-keeping Fee	-	-	-	-	-	-	-	-	-	-
91400	Advertising and Marketing	-	-	13,582	-	-	-	-	-	-	-
91500	Employee Benefit Contributions - Administrative	-	-	1,405,713	-	-	-	-	-	-	2,099
91600	Office Expenses	-	-	604,782	-	-	-	4,757	365	-	-
91700	Legal Expense	-	-	108,854	-	-	-	-	-	-	-
91800	Travel	-	-	61,497	-	-	-	244	-	-	-
91810	Allocated Overhead	-	-	-	-	-	-	-	-	-	-
91900	Other	-	-	486,663	76,880	-	-	601	-	23,868	-
91000	Total Operating - Administrative	\$ -	\$ -	\$ 6,588,436	\$ 176,197	\$ -	\$ -	\$ 5,602	\$ 365	\$ 68,068	\$ 7,938
92000	Asset Management Fee	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
92100	Tenant Services - Salaries	-	-	321,629	-	-	-	64,933	28,160	-	-
92200	Relocation Costs	-	-	-	-	-	-	-	-	-	-
92300	Employee Benefit Contributions - Tenant Services	-	-	127,077	-	-	-	20,184	9,854	-	-
92400	Tenant Services - Other	-	-	11,428	-	-	-	-	-	-	-
92500	Total Tenant Services	\$ -	\$ -	\$ 460,134	\$ -	\$ -	\$ -	\$ 85,117	\$ 38,014	\$ -	\$ -
93100	Water	-	-	8,819	-	-	-	-	-	-	-
93200	Electricity	-	-	35,196	-	-	-	-	-	-	-
93300	Gas	-	-	3,442	-	-	-	-	-	-	-
93400	Fuel	-	-	-	-	-	-	-	-	-	-

Supplemental Financial Data Schedule
Year Ended December 31, 2015

Line Item No.	Description	14.CFP MTW Demonstration Program for Capital Fund	14.HCV MTW Demonstration Program for HCV Program	14.881 Moving to Work Demonstration Program	14.871 Housing Choice Vouchers	14.880 Family Unification Program (FUP)	14.239 HOME Investment Partnerships Program	14.870 Resident Opportunity and Supportive Services	14.218 Community Development Block Grants/Entitlement Grants	14.249 Section 8 Moderate Rehabilitation Single Room Occupancy	14.890 Capital Fund Education and Training Community Facilities
93500	Labor	-	-	-	-	-	-	-	-	-	-
93600	Sewer	-	-	19,791	-	-	-	-	-	-	-
93700	Employee Benefit Contributions - Utilities	-	-	-	-	-	-	-	-	-	-
93800	Other Utilities Expense	-	-	-	-	-	-	-	-	-	-
93900	Total Utilities	\$ -	\$ -	\$ 67,248	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
94100	Ordinary Maintenance and Operations - Labor	-	-	44,814	-	-	-	-	-	-	-
94200	Ordinary Maintenance and Operations - Materials and	-	-	12,824	-	-	-	-	-	-	-
94300	Ordinary Maintenance and Operations Contracts	-	-	50,529	-	-	-	-	-	-	-
94500	Employee Benefit Contributions - Ordinary Maintenance	-	-	22,693	-	-	-	-	-	-	-
94000	Total Maintenance	\$ -	\$ -	\$ 130,860	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
95100	Protective Services - Labor	-	-	-	-	-	-	-	-	-	-
95200	Protective Services - Other Contract Costs	-	-	20,781	-	-	-	-	-	-	-
95300	Protective Services - Other	-	-	1,659	-	-	-	-	-	-	-
95500	Employee Benefit Contributions - Protective Services	-	-	-	-	-	-	-	-	-	-
95000	Total Protective Services	\$ -	\$ -	\$ 22,440	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
96110	Property Insurance	-	-	7,716	-	-	-	-	-	-	-
96120	Liability Insurance	-	-	23,120	465	-	-	-	-	143	-
96130	Workmen's Compensation	-	-	29,668	-	-	-	189	145	-	117
96140	All Other Insurance	-	-	5,265	-	-	-	-	-	-	-
96100	Total Insurance Premiums	\$ -	\$ -	\$ 65,769	\$ 465	\$ -	\$ -	\$ 189	\$ 145	\$ 143	\$ 117
96200	Other General Expenses	-	-	70,344	6,619	-	-	-	-	-	-
96210	Compensated Absences	-	-	83,903	-	-	-	-	-	-	-
96300	Payments in Lieu of Taxes	-	-	-	-	-	-	-	-	-	-
96400	Bad debt - Tenant Rents	-	-	-	-	-	-	-	-	-	-
96500	Bad debt - Mortgages	-	-	-	-	-	-	-	-	-	-
96600	Bad debt - Other	-	-	91,258	4,254	-	-	-	-	290	-
96800	Severance Expense	-	-	-	-	-	-	-	-	-	-
96000	Total Other General Expenses	\$ -	\$ -	\$ 245,505	\$ 10,873	\$ -	\$ -	\$ -	\$ -	\$ 290	\$ -
96710	Interest of Mortgage (or Bonds) Payable	-	-	-	-	-	-	-	-	-	-
96720	Interest on Notes Payable (Short and Long Term)	-	-	-	-	-	-	-	-	-	-
96730	Amortization of Bond Issue Costs	-	-	-	-	-	-	-	-	-	-
96700	Total Interest Expense and Amortization Cost	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
96900	Total Operating Expenses	\$ -	\$ -	\$ 7,580,392	\$ 187,535	\$ -	\$ -	\$ 90,908	\$ 38,524	\$ 68,501	\$ 8,055
97000	Excess Operating Revenue Over Operating Expenses	\$ 2,356,852	\$ 38,167,444	\$ (6,072,513)	\$ 1,862,573	\$ -	\$ -	\$ -	\$ -	\$ 322,366	\$ -
97100	Extraordinary Maintenance	-	-	-	-	-	-	-	-	-	-
97200	Casualty Losses - Non-capitalized	-	-	-	-	-	-	-	-	-	-
97300	Housing Assistance Payments	-	-	27,686,284	1,714,522	-	-	-	-	323,797	-
97350	HAP Portability-In	-	-	195,310	-	-	-	-	-	-	-
97400	Depreciation Expense	-	-	281,425	-	-	-	-	-	-	-
97500	Fraud Losses	-	-	-	-	-	-	-	-	-	-
97800	Dwelling Units Rent Expense	-	-	-	-	-	-	-	-	-	-

Supplemental Financial Data Schedule
Year Ended December 31, 2015

Line Item No.	Description	14.CFP MTW Demonstration Program for Capital Fund	14.HCV MTW Demonstration Program for HCV Program	14.881 Moving to Work Demonstration Program	14.871 Housing Choice Vouchers	14.880 Family Unification Program (FUP)	14.239 HOME Investment Partnerships Program	14.870 Resident Opportunity and Supportive Services	14.218 Community Development Block Grants/Entitlement Grants	14.249 Section 8 Moderate Rehabilitation Single Room Occupancy	14.890 Capital Fund Education and Training Community Facilities
90000	Total Expenses	\$ -	\$ -	\$ 35,743,411	\$ 1,902,057	\$ -	\$ -	\$ 90,908	\$ 38,524	\$ 392,298	\$ 8,055
10010	Operating Transfer In	-	-	42,947,558	-	-	-	-	-	-	-
10020	Operating transfer Out	(2,356,852)	(38,167,444)	(8,837,302)	-	-	-	-	-	(43,133)	-
10030	Operating Transfers from/to Primary Government	-	-	-	-	-	-	-	-	-	-
10040	Operating Transfers from/to Component Unit	-	-	(300,100)	-	-	-	-	-	-	-
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)	\$ (2,356,852)	\$ (38,167,444)	\$ 33,810,156	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (43,133)	\$ -
10000	Excess (Deficiency) of Revenue Over (Under) Expenses	\$ -	\$ -	\$ (425,376)	\$ 148,051	\$ -	\$ -	\$ -	\$ -	\$ (44,564)	\$ -
11020	Required Annual Debt Principal Payments	-	-	-	-	-	-	-	-	-	-
11030	Beginning Equity	-	-	6,143,125	131,315	13,848	(1,310,698)	-	-	97,992	1,733,003
11040	Prior period adjustments, equity transfers, and correction of errors	-	-	(5,573,408)	13,848	(13,848)	1,060,698	-	-	-	-
11170	Administrative Fee Equity	-	-	-	-	-	-	-	-	-	-
11180	Housing Assistance Payments Equity	-	-	-	293,214	-	-	-	-	-	-
11190	Unit Months Available	-	-	45,600	3,730	-	-	-	-	902	-
11210	Unit Months Leased	-	-	43,953	3,182	-	-	-	-	852	-
11270	Excess Cash	-	-	-	-	-	-	-	-	-	-
11610	Land Purchases	-	-	-	-	-	-	-	-	-	-
11620	Building Purchases	-	-	-	-	-	-	-	-	-	-
11630	Furniture & Equipment-Dwelling Purchases	-	-	-	-	-	-	-	-	-	-
11640	Furniture & Equipment-Administrative Purchases	-	-	-	-	-	-	-	-	-	-
11650	Leasehold Improvements Purchases	-	-	-	-	-	-	-	-	-	-
11660	Infrastructure Purchases	-	-	-	-	-	-	-	-	-	-
13510	CFPP Debt Service Payments	-	-	-	-	-	-	-	-	-	-
13901	Replacement Housing Factor Funds	-	-	-	-	-	-	-	-	-	-

Housing Authority of the City of Tacoma
Supplemental Financial Data Schedule
Year Ended December 31, 2015

Line Item No.	Description	14,896 Family Self-Sufficiency Program	66,818 Brownsfields Assessment and Cleanup Cooperative Agreements	Blended Component Units	Discretely Presented Component Units	Elimination	Total
111	Cash - Unrestricted	-	-	151,924	1,088,194	-	9,288,203
112	Cash - Restricted - Modernization and Development	-	-	-	-	-	3,115,262
113	Cash - Other Restricted	-	-	-	7,142,190	-	7,911,597
114	Cash - Tenant Security Deposits	-	-	-	211,369	-	356,951
115	Cash - Restricted for Payment of Current Liabilities	-	-	-	-	-	3,642
100	Total Cash	\$ -	\$ -	\$ 151,924	\$ 8,441,753	\$ -	\$ 20,675,655
121	Accounts Receivable - PHA Projects	-	-	-	-	-	63,290
122	Accounts Receivable - HUD Other Projects	20,942	-	-	-	-	34,035
124	Accounts Receivable - Other Government	-	19,834	-	-	-	232,002
125	Accounts Receivable - Miscellaneous	-	-	-	162,822	-	999,618
126	Accounts Receivable - Tenants	-	-	-	279,113	-	336,837
126.1	Allowance for Doubtful Accounts - Tenants	-	-	-	(160,110)	-	(167,769)
126.2	Allowance for Doubtful Accounts - Other	-	-	-	-	-	-
127	Notes, Loans, & Mortgages Receivable - Current	-	-	-	-	-	1,650,296
128	Fraud Recovery	-	-	-	-	-	25,675
128.1	Allowance for Doubtful Accounts - Fraud	-	-	-	-	-	(13,071)
129	Accrued Interest Receivable	-	-	-	-	-	55,839
120	Total Receivables, Net of Allowances for Doubtful Accounts	\$ 20,942	\$ 19,834	\$ -	\$ 281,825	\$ -	\$ 3,216,752
131	Investments - Unrestricted	-	-	-	-	-	1,630,170
132	Investments - Restricted	-	-	-	-	-	-
135	Investments - Restricted for Payment of Current Liability	-	-	-	-	-	-
142	Prepaid Expenses and Other Assets	-	-	-	223,603	-	455,749
143	Inventories	-	-	-	-	-	-
143.1	Allowance for Obsolete Inventories	-	-	-	-	-	-
144	Inter Program Due From	-	-	-	-	(78,685)	-
145	Assets Held for Sale	-	-	-	-	-	-
150	Total Current Assets	\$ 20,942	\$ 19,834	\$ 151,924	\$ 8,947,181	\$ (78,685)	\$ 25,978,326
161	Land	-	-	-	1,410,246	-	12,584,118
162	Buildings	-	-	-	122,977,216	-	188,778,262
163	Furniture, Equipment & Machinery - Dwellings	-	-	-	3,137,157	-	4,259,757
164	Furniture, Equipment & Machinery - Administration	-	-	-	11,841	-	2,985,787
165	Leasehold Improvements	-	-	-	10,085,433	-	25,657,351
166	Accumulated Depreciation	-	-	-	(29,156,645)	-	(71,366,633)
167	Construction in Progress	-	-	-	1,428,921	-	4,935,418
168	Infrastructure	-	-	-	-	-	-
160	Total Capital Assets, Net of Accumulated Depreciation	\$ -	\$ -	\$ -	\$ 109,894,169	\$ -	\$ 167,834,060
171	Notes, Loans and Mortgages Receivable - Non-Current	-	-	-	-	-	46,073,050
172	Notes, Loans, & Mortgages Receivable - Non Current - Past	-	-	-	-	-	-
173	Grants Receivable - Non Current	-	-	-	-	-	-
174	Other Assets	-	-	139,339	1,074,953	-	11,015,886
176	Investments in Joint Ventures	-	-	-	-	-	-
180	Total Non-Current Assets	\$ -	\$ -	\$ 139,339	\$ 110,969,122	\$ -	\$ 224,922,996

Supplemental Financial Data Schedule
Year Ended December 31, 2015

Line Item No.	Description	14,896 Family Self-Sufficiency Program	66,818 Brownsfields Assessment and Cleanup Cooperative Agreements	Blended Component Units	Discretely Presented Component Units	Elimination	Total
200	Deferred Outflow of Resources	\$ -	\$ -	\$ -	\$ -	\$ -	817,683
290	Total Assets and Deferred Outflow of Resources	\$ 20,942	\$ 19,834	\$ 291,263	\$ 119,916,303	\$ (78,685)	\$ 251,719,005
311	Bank Overdraft	-	-	-	-	-	-
312	Accounts Payable <= 90 Days	-	12,491	-	858,801	-	2,257,938
313	Accounts Payable >90 Days Past Due	-	-	-	-	-	-
321	Accrued Wage/Payroll Taxes Payable	-	-	-	-	-	292,546
322	Accrued Compensated Absences - Current Portion	-	-	-	-	-	14,751
324	Accrued Contingency Liability	-	-	-	-	-	-
325	Accrued Interest Payable	-	-	-	95,309	-	102,353
331	Accounts Payable - HUD PHA Programs	-	-	-	-	-	3,780
332	Account Payable - PHA Projects	-	-	-	-	-	-
333	Accounts Payable - Other Government	-	-	-	-	-	-
341	Tenant Security Deposits	-	-	-	214,186	-	360,166
342	Unearned Revenue	-	-	-	29,755	-	514,499
343	Current Portion of Long-term Debt - Capital	-	-	-	684,183	-	790,701
344	Current Portion of Long-term Debt - Operating Borrowings	-	-	-	-	-	-
345	Other Current Liabilities	-	-	-	175,604	-	306,372
346	Accrued Liabilities - Other	-	-	-	286,230	-	295,182
347	Inter Program - Due To	20,942	7,343	-	-	(78,685)	-
348	Loan Liability - Current	-	-	-	1,495,735	-	1,495,735
310	Total Current Liabilities	\$ 20,942	\$ 19,834	\$ -	\$ 3,819,803	\$ (78,685)	\$ 6,434,023
351	Long-term Debt, Net of Current-Capital Projects/Mortgage	-	-	-	9,226,202	-	43,321,906
352	Long-term Debt, Net of Current-Operating Borrowings	-	-	-	543,287	-	543,287
353	Non-current Liabilities - Other	-	-	-	10,321,117	-	11,395,647
354	Accrued Compensated Absences - Non Current	-	-	-	-	-	678,910
355	Loan Liability - Non Current	-	-	-	45,529,763	-	45,529,763
356	FASB 5 Liabilities	-	-	-	-	-	-
357	Accrued Pension and OPEB Liabilities	-	-	-	-	-	5,971,191
350	Total Non-Current Liabilities	\$ -	\$ -	\$ -	\$ 65,620,369	\$ -	\$ 107,440,704
300	Total Liabilities	\$ 20,942	\$ 19,834	\$ -	\$ 69,440,172	\$ (78,685)	\$ 113,874,727
400	Deferred Inflow of Resources	\$ -	\$ -	\$ -	\$ -	\$ -	910,028
508.4	Net Investment in Capital Assets	-	-	-	52,978,286	-	92,112,755
511.4	Restricted Net Position	-	-	-	7,131,884	-	10,910,210
512.4	Unrestricted Net Position	-	-	291,263	(9,634,039)	-	33,911,285
513	Total Equity - Net Position	\$ -	\$ -	\$ 291,263	\$ 50,476,131	\$ -	\$ 136,934,250
600	Total Liab., Def. Inflow of Res., and Equity - Net Position	\$ 20,942	\$ 19,834	\$ 291,263	\$ 119,916,303	\$ (78,685)	\$ 251,719,005
70300	Net Tenant Rental Revenue	-	-	-	5,464,823	-	8,177,481

Supplemental Financial Data Schedule
Year Ended December 31, 2015

Line Item No.	Description	14,896 Family Self-Sufficiency Program	66.818 Brownsfields Assessment and Cleanup Cooperative Agreements	Blended Component Units	Discretely Presented Component Units	Elimination	Total
70400	Tenant Revenue - Other	-	-	-	696,177	-	931,835
70500	Total Tenant Revenue	\$ -	\$ -	\$ -	\$ 6,161,000	\$ -	\$ 9,109,316
70600	HUD PHA Operating Grants	196,013	-	-	-	-	43,840,579
70610	Capital Grants	-	-	-	-	-	1,832,833
70710	Management Fee	-	-	-	-	-	-
70720	Asset Management Fee	-	-	-	-	-	-
70730	Book Keeping Fee	-	-	-	-	-	-
70740	Front Line Service Fee	-	-	-	-	-	-
70750	Other Fees	-	-	-	-	(100,093)	-
70700	Total Fee Revenue	\$ -	\$ -	\$ -	\$ -	\$ (100,093)	\$ -
70800	Other Government Grants	-	76,014	-	-	-	474,699
71100	Investment Income - Unrestricted	-	-	383	5,753	-	64,239
71200	Mortgage Interest Income	-	-	-	-	-	1,401,623
71300	Proceeds from Disposition of Assets Held for Sale	-	-	-	-	-	-
71310	Cost of Sale of Assets	-	-	-	-	-	-
71400	Fraud Recovery	-	-	-	-	-	22,702
71500	Other Revenue	-	-	97,968	1,280,068	(709,191)	3,940,143
71600	Gain or Loss on Sale of Capital Assets	-	-	-	-	-	284,705
72000	Investment Income - Restricted	-	-	-	21,550	-	21,550
70000	Total Revenue	\$ 196,013	\$ 76,014	\$ 98,351	\$ 7,468,371	\$ (809,284)	\$ 60,992,389
91100	Administrative Salaries	-	6,016	7,767	433,730	-	5,938,948
91200	Auditing Fees	-	-	1,100	79,624	-	136,981
91300	Management Fee	-	-	-	513,478	(149,817)	521,734
91310	Book-keeping Fee	-	-	-	-	-	-
91400	Advertising and Marketing	-	-	-	304	-	14,944
91500	Employee Benefit contributions - Administrative	-	2,365	2,297	130,577	-	2,127,746
91600	Office Expenses	-	-	575	108,578	-	917,777
91700	Legal Expense	-	-	-	19,296	-	221,945
91800	Travel	-	2,622	-	355	-	87,418
91810	Allocated Overhead	-	-	-	-	-	-
91900	Other	-	336	10	112,233	(659,467)	820,427
91000	Total Operating - Administrative	\$ -	\$ 11,339	\$ 11,749	\$ 1,398,175	\$ (809,284)	\$ 10,787,920
92000	Asset Management Fee	\$ -	\$ -	-	\$ 51,295	\$ -	\$ 51,295
92100	Tenant Services - Salaries	140,674	-	5,869	-	-	901,700
92200	Relocation Costs	-	-	-	11,553	-	57,897
92300	Employee Benefit Contributions - Tenant Services	54,669	-	675	-	-	330,777
92400	Tenant Services - Other	-	-	1,984	46,184	-	129,295
92500	Total Tenant Services	\$ 195,343	\$ -	\$ 8,528	\$ 57,737	\$ -	\$ 1,419,669
93100	Water	-	-	-	251,314	-	385,747
93200	Electricity	-	-	-	64,103	-	280,773
93300	Gas	-	-	-	-	-	50,344
93400	Fuel	-	-	-	-	-	-

Supplemental Financial Data Schedule
Year Ended December 31, 2015

Line Item No.	Description	14,896 Family Self-Sufficiency Program	66,818 Brownsfields Assessment and Cleanup Cooperative Agreements	Blended Component Units	Discretely Presented Component Units	Elimination	Total
93500	Labor	-	-	-	-	-	-
93600	Sewer	-	-	-	470,567	-	803,929
93700	Employee Benefit Contributions - Utilities	-	-	-	-	-	-
93800	Other Utilities Expense	-	-	-	-	-	-
93000	Total Utilities	\$	\$	\$	\$ 785,984	-	\$ 1,520,793
94100	Ordinary Maintenance and Operations - Labor	-	-	-	458,606	-	1,450,654
94200	Ordinary Maintenance and Operations - Materials and	-	-	-	523,733	-	722,285
94300	Ordinary Maintenance and Operations Contracts	-	-	-	1,124,088	-	1,850,287
94500	Employee Benefit Contributions - Ordinary Maintenance	-	-	-	121,868	-	499,889
94000	Total Maintenance	\$	\$	\$	\$ 2,228,295	-	\$ 4,523,115
95100	Protective Services - Labor	-	-	-	-	-	-
95200	Protective Services - Other Contract Costs	-	-	-	24,387	-	113,555
95300	Protective Services - Other	-	-	-	-	-	12,521
95500	Employee Benefit Contributions - Protective Services	-	-	-	-	-	-
95000	Total Protective Services	\$	\$	\$	\$ 24,387	-	\$ 126,076
96110	Property Insurance	-	-	-	202,613	-	300,621
96120	Liability Insurance	-	-	-	78,724	-	121,588
96130	Workmen's Compensation	670	20	35	29,147	-	124,948
96140	All Other Insurance	-	-	-	7,695	-	22,021
96100	Total Insurance Premiums	\$	\$	\$	\$ 318,179	-	\$ 569,178
96200	Other General Expenses	-	-	170,645	626,564	-	2,070,538
96210	Compensated Absences	-	-	-	-	-	114,902
96300	Payments in Lieu of Taxes	-	-	-	-	-	14,387
96400	Bad debt - Tenant Rents	-	-	-	647,928	-	812,493
96500	Bad debt - Mortgages	-	-	-	-	-	-
96600	Bad debt - Other	-	-	-	-	-	95,802
96800	Severance Expense	-	-	-	-	-	212,268
96000	Total Other General Expenses	\$	\$	\$	\$ 1,274,492	-	\$ 3,320,390
96710	Interest of Mortgage (or Bonds) Payable	-	-	-	551,008	-	671,063
96720	Interest on Notes Payable (Short and Long Term)	-	-	-	1,502,492	-	1,502,492
96730	Amortization of Bond Issue Costs	-	-	-	148,010	-	148,010
96700	Total Interest Expense and Amortization Cost	\$	\$	\$	\$ 2,201,510	-	\$ 2,321,565
96900	Total Operating Expenses	\$	\$	\$	\$ 8,340,054	\$ (809,284)	\$ 24,640,001
97000	Excess Operating Revenue Over Operating Expenses	\$	\$	\$ (92,606)	\$ (871,683)	-	\$ 36,352,388
97100	Extraordinary Maintenance	-	-	-	50,144	-	342,189
97200	Casualty Losses - Non-capitalized	-	-	-	21,265	-	105,241
97300	Housing Assistance Payments	-	-	-	-	-	29,724,603
97350	HAP Portability-In	-	-	-	-	-	195,310
97400	Depreciation Expense	-	-	-	3,889,056	-	6,983,521
97500	Fraud Losses	-	-	-	-	-	-
97800	Dwelling Units Rent Expense	-	-	-	-	-	-

Line Item No.	Description	14,896 Family Self-Sufficiency Program	66,818 Brownsfields Assessment and Cleanup Cooperative Agreements	Blended Component Units	Discretely Presented Component Units	Elimination	Total
90000	Total Expenses	\$ 196,013	\$ 11,359	\$ 190,957	\$ 12,300,519	\$ (809,284)	\$ 61,990,865
10010	Operating Transfer In	-	-	-	-	(51,948,935)	-
10020	Operating transfer Out	-	-	-	-	51,948,935	-
10030	Operating Transfers from/to Primary Government	-	-	-	5,836,771	-	5,836,771
10040	Operating Transfers from/to Component Unit	-	(64,655)	301,100	156,422	-	-
10070	Extraordinary Items, Net Gain/Loss	-	-	-	-	-	-
10080	Special Items (Net Gain/Loss)	-	-	-	-	-	-
10091	Inter Project Excess Cash Transfer In	-	-	-	-	(125,931)	-
10092	Inter Project Excess Cash Transfer Out	-	-	-	-	125,931	-
10093	Transfers between Program and Project - In	-	-	-	-	-	-
10094	Transfers between Project and Program - Out	-	-	-	-	-	-
10100	Total Other financing Sources (Uses)	\$ -	\$ (64,655)	\$ 301,100	\$ 5,993,193	\$ -	\$ 5,836,771
10000	Excess (Deficiency) of Revenue Over (Under) Expenses	\$ -	\$ -	\$ 208,494	\$ 1,161,045	\$ -	\$ 4,838,295
11020	Required Annual Debt Principal Payments	-	-	-	642,069	-	12,707,512
11030	Beginning Equity	-	-	82,769	49,603,969	-	138,187,564
11040	Prior period adjustments, equity transfers, and correction of errors	-	-	-	(288,883)	-	(6,091,609)
11170	Administrative Fee Equity	-	-	-	-	-	-
11180	Housing Assistance Payments Equity	-	-	-	-	-	293,214
11190	Unit Months Available	-	-	-	8,724	-	71,297
11210	Unit Months Leased	-	-	-	8,497	-	68,267
11270	Excess Cash	-	-	-	-	-	1,334,858
11610	Land Purchases	-	-	-	-	-	-
11620	Building Purchases	-	-	-	-	-	606,814
11630	Furniture & Equipment-Dwelling Purchases	-	-	-	-	-	-
11640	Furniture & Equipment-Administrative Purchases	-	-	-	-	-	-
11650	Leasehold Improvements Purchases	-	-	-	-	-	-
11660	Infrastructure Purchases	-	-	-	-	-	-
13510	CFFP Debt Service Payments	-	-	-	-	-	2,591,744
13901	Replacement Housing Factor Funds	-	-	-	-	-	239,509

**Actual Comprehensive Grant
Cost Certificate**
Comprehensive Grant Program (CGP)

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

OMB Approval No. 2577-0157
(Exp. 11/30/2008)

PHA/IHA Name HOUSING AUTHORITY OF THE CITY OF TACOMA 902 SOUTH L STREET, TACOMA, WA 98405	Comprehensive Grant Number WA19C00550111
	FFY of Grant Approval 2011

The PHA/IHA 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 Comprehensive Grant, is as shown below:

A. Original Funds Approved	\$ 1,881,652.00
B. Revised Funds Approved	\$ 1,849,510.76
C. Funds Advanced	\$
D. Funds Expended (Actual Modernization Cost)	\$ 1,849,510.76
E. Amount to be Recaptured (A-D)	\$
F. Excess of Funds Advanced (C-D)	\$

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

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

4. That there are no undischarged mechanics', laborers', contractors', or material-men's liens against such modernization work on file in any public office where the same should be filed in order to be valid against such modernization work; 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  Michael Hune	Date 1.26.16
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For HUD Use Only

The Cost Certificate is approved for audit.

Approved for Audit (Director, Public Housing Division) 	Date 01-28-2016
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The audited costs agree with the costs shown above.

Verified (Director, Public Housing Division)	Date
--	------

Approved (Field Office Manager)	Date
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form HUD-52839 (2/92)
ref Handbook 7485.3

**Actual Comprehensive Grant
Cost Certificate**
Comprehensive Grant Program (CGP)

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

OMB Approval No. 2577-0157
(Exp. 11/30/2008)

PHA/IHA Name HOUSING AUTHORITY OF THE CITY OF TACOMA 902 SOUTH L STREET, TACOMA, WA 98405	Comprehensive Grant Number WA19P00550111 FFY of Grant Approval 2011
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The PHA/IHA 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 Comprehensive Grant, is as shown below:

A. Original Funds Approved	\$ 1,721,353.00
B. Revised Funds Approved	\$
C. Funds Advanced	\$
D. Funds Expended (Actual Modernization Cost)	\$ 1,721,353.00
E. Amount to be Recaptured (A-D)	\$
F. Excess of Funds Advanced (C-D)	\$

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

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

4. That there are no undischarged mechanics', laborers', contractors', or material-men's liens against such modernization work on file in any public office where the same should be filed in order to be valid against such modernization work; 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  Michael Muna	Date 1.26.16
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For HUD Use Only

The Cost Certificate is approved for audit.

Approved for Audit (Director, Public Housing Division) 	Date 01.29.2016
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The audited costs agree with the costs shown above.

Verified (Director, Public Housing Division)	Date
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Approved (Field Office Manager)	Date
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form HUD-52839 (2/92)
ref Handbook 7485.3

**Actual Comprehensive Grant
Cost Certificate**
Comprehensive Grant Program (CGP)

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

OMB Approval No. 2577-0157
(Exp. 11/30/2008)

PHA/IHA Name HOUSING AUTHORITY OF THE CITY OF TACOMA 902 SOUTH L STREET, TACOMA, WA 98405	Comprehensive Grant Number WA19R00550213
	FFY of Grant Approval 2013

The PHA/IHA 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 Comprehensive Grant, is as shown below:

A. Original Funds Approved	\$ 1,015,495.00
B. Revised Funds Approved	\$
C. Funds Advanced	\$
D. Funds Expended (Actual Modernization Cost)	\$ 1,015,495.00
E. Amount to be Recaptured (A-D)	\$
F. Excess of Funds Advanced (C-D)	\$

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

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

4. That there are no undischarged mechanics', laborers', contractors', or material-men's liens against such modernization work on file in any public office where the same should be filed in order to be valid against such modernization work; 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  Michael Muna	Date 1.26.16
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For HUD Use Only

The Cost Certificate is approved for audit.

Approved for Audit (Director, Public Housing Division) 	Date 01-28-2016
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The audited costs agree with the costs shown above.

Verified (Director, Public Housing Division)	Date
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Approved (Field Office Manager)	Date
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form HUD-52839 (2/92)
ref Handbook 7485.3

ABOUT THE STATE AUDITOR'S OFFICE

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

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

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

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

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

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

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

Contact information for the State Auditor's Office	
Public Records requests	PublicRecords@sao.wa.gov
Main telephone	(360) 902-0370
Toll-free Citizen Hotline	(866) 902-3900
Website	www.sao.wa.gov