Office of the Washington State Auditor
Pat McCarthy

Financial Statements and Federal Single Audit Report

Housing Authority of Snohomish County

For the period July 1, 2016 through June 30, 2017

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Office of the Washington State Auditor
Pat McCarthy

June 4, 2020

Board of Appointed Representatives
Housing Authority of Snohomish County
Everett, Washington

Report on Financial Statements and Federal Single Audit

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

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

Sincerely,

Pat McCarthy

State Auditor

Olympia, WA

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July 1, 2016 through June 30, 2017

SECTION I – SUMMARY OF AUDITOR'S RESULTS

The results of our audit of the Housing Authority of Snohomish County 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 basic 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 programs.

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

Identification of Major Federal Programs

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

CFDA No.	Program or Cluster Title
14.871	Section 8 Housing Choice Vouchers
10.415	Rural Rental Housing Loan

The dollar threshold used to distinguish between Type A and Type B programs, as prescribed by the Uniform Guidance, was $1,379,615.

The Housing Authority did not qualify 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 Snohomish County
July 1, 2016 through June 30, 2017

Board of Appointed Representatives
Housing Authority of Snohomish County
Everett, 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 Snohomish County, Washington, as of and for the year ended June 30, 2017, 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 March 2, 2018.

Our report includes a reference to other auditors who audited the financial statements of the Jackson House at Pacific Crest Limited Liability Limited Partnership, the Olympic and Sound View Limited Liability Company, and the Westend HASCO Limited Liability Limited Partnership, as described in our report on the Authority's financial statements. This report includes our consideration of the results of the other auditors' 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 Olympic and Sound View Limited Liability Company and the Westend HASCO Limited Liability Limited Partnership 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 Olympic and Sound View Limited Liability Company or the Westend HASCO Limited Liability Limited Partnership.

INTERNAL CONTROL OVER FINANCIAL REPORTING

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

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

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

COMPLIANCE AND OTHER MATTERS

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

The results of our tests and the report of the other auditors 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.

Pat McCarthy

State Auditor

Olympia, WA

March 2, 2018

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 Snohomish County
July 1, 2016 through June 30, 2017

Board of Appointed Representatives
Housing Authority of Snohomish County
Everett, Washington

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM

We have audited the compliance of the Housing Authority of Snohomish County, 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 June 30, 2017. 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 June 30, 2017.

Other Matters – Report Reissuance

This report, which replaces a previously issued report, has been reissued to report on CFDA 10.415 Rural Rental Housing Loan as an additional major program.

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.

Pat McCarthy

State Auditor

Olympia, WA

March 2, 2018, except for our report on CFDA 10.415 Rural Rental Housing Loan, for which the date is May 29, 2020.

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

Housing Authority of Snohomish County
July 1, 2016 through June 30, 2017

Board of Appointed Representatives
Housing Authority of Snohomish County
Everett, 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 Snohomish County, Washington, as of and for the year ended June 30, 2017, 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 Jackson House at Pacific Crest Limited Liability Limited Partnership, the Olympic and Sound View Limited Liability Company, or the Westend HASCO Limited Liability Limited Partnership, which in aggregate represent 100 percent of the assets, net position and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Jackson House at Pacific Crest Limited Liability Limited Partnership, the Olympic and Sound View Limited Liability Company, and the Westend HASCO Limited Liability Limited Partnership, is based solely on the reports 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 Olympic and Sound View Limited Liability Company and the Westend HASCO Limited Liability Limited Partnership 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.

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component units of the Housing Authority of Snohomish County, as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information listed on page 16 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The financial statements of the Olympic and Sound View Limited Liability Company, and Westend HASCO Limited Liability Limited Partnership were not audited in accordance with *Government Auditing Standards*.

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 as a whole. 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 is supplementary information required by HUD. These schedules are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated March 2, 2018 on our consideration of the Housing Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Housing Authority's internal control over financial reporting and compliance.

Pat McCarthy

State Auditor

Olympia, WA

March 2, 2018

FINANCIAL SECTION

Housing Authority of Snohomish County
July 1, 2016 through June 30, 2017

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Schedule of Proportionate Share of Net Pension Liability – Pension Plan – 2017
Schedule of Employer Contributions – Pension Plan – 2017

SUPPLEMENTARY AND OTHER INFORMATION

Schedule of Expenditures of Federal Awards – 2017
Notes to the Schedule of Expenditures of Federal Awards – 2017
Financial Data Schedule – 2017

The Housing Authority of Snohomish County ("HASCO" or the "Authority") owns and manages property and administers rental subsidy programs to provide eligible low-income persons safe and affordable housing. HASCO is a political subdivision of the State of Washington created under the authority of Revised Code of Washington (RCW) Chapter 35.82. The Authority manages a broad range of federally and locally financed housing programs serving Snohomish County. The Authority owns or manages in excess of 2,200 units of housing and provides rental subsidies to over 3,600 additional families.

The Authority's mission is to expand affordable housing opportunities within Snohomish County that enhance the quality of life for individuals and families with limited financial resources that contributes to a safer and stronger community.

As management of the Authority, we offer readers of the Authority's financial statements and the related footnote disclosures this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended June 30, 2017. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements and accompanying footnotes. The management discussion and analysis is presented in conformance with generally accepted accounting principles (GAAP).

The Authority's financial statements are designed so that all activities of the Authority, except the tax credit limited partnerships in which HASCO is the general partner, are reported in one total column. The tax credit limited partnerships are reported in a separate column as component units. All the tax credit partnerships have December 31st year ends. See Note 8 for more detailed information on these projects.

Overview of the Financial Statements

The financial statements are presented in accordance with generally accepted accounting principles. The Authority follows the "business type activity" reporting requirements that provide a comprehensive overview of the Authority's financial activities. The statements are:

- Statement of Net Position
- Statement of Revenues, Expenses, and Changes in Fund Net Position
- Statement of Cash Flows

The statements are prepared on the accrual basis and present all assets and liabilities of the Authority, both financial and capital assets, as well as short and long term. They also present all revenues and expenses of the Authority during the year, regardless of when the cash was received or paid. Collectively the statements provide information regarding the Authority's financial condition as of June 30, 2017 and the results of its operations and cash flows for the year then ended. The financial performance discussed below does not include the operating performance of three tax credit partnerships the Authority was involved in during the year, which are owned by separate limited partnerships or limited liability corporations but are managed by the Authority as general partner or managing member. These projects are reported in a separate component unit column on the financial statements.

Financial Highlights

- The Authority's total assets exceeded its total liabilities (net position) at the close of the most recent fiscal year by $ 51,754,881. This was an increase of $ 16,451,849, or 46.6% from the prior year. The primary reasons for the increase: 1) the strong rental market, which enables the Housing Authority to increase rents while still keeping them below the escalating market rates, and 2) the sale of Westwood Crossing Apts to Westend HASCO LLLP.

- The Authority was profitable for the fiscal year and a surplus was generated.

- As of the close of the current fiscal year the Authority had total revenues, both operating and non-operating, of $ 76,179,195, this was an increase of $ 13,625,608, or 21.8% over the previous year total of $ 62,553,587. The main reason for the increase in revenues is that the Authority gained $ 11.8 million from disposition of assets due to the sale of one of our properties at current market value, our office building and the recognition of a gain on both sales. The Authority also had net operating income in the amount of $ 4,549,339 due to the strong local rental market and the $ 488,200 development fee earned by the Jackson House project, Olympic and Sound View and Woodlake Manor III.

- Total expenses, both operating and non-operating, were $ 59,727,341, which was an increase of $ 2,451,073, or 4.3% from the previous year total of $ 57,276,267. Of this total, $ 37,672,980, or 63.1%, was for pass through housing assistance payments in our Section 8 Housing Choice Voucher program. This was an increase of $ 4,055,796 over the previous year's housing assistance payments. The increase in housing assistance payments was offset by a decrease in amortization costs ($516,000) due to expensing amortization expenses in FY16 and decreases in office, maintenance, and utility expenses ($608,713).

Financial Statements

The Authority is a special purpose government and has chosen to use the "proprietary fund" reporting model for its business activities, which is similar to accounting methods used in for-profit oriented business enterprises, that is then consolidated into columnar format and presents one column for the entire Authority.

These statements include a Statement of Net Position which is similar to a Balance Sheet. The Statement of Net Position reports all financial and capital resources for the Authority and is presented in a format where assets less liabilities equal "net position", formerly known as equity.

Assets and liabilities are presented in order of liquidity and are classified as either current (generally convertible or redeemable with cash within one year) or non-current.

The balance sheet presents information about "net position" in three broad categories:

> Net Investment in Capital Assets: This component of net position consists of all capital assets, reduced by the amount of outstanding debt that is attributable to the acquisition, construction, or improvement of those assets.
>
> Restricted Net Position: This component of net position consists of assets that are restricted by external contracts or regulations, such as those of creditors (e.g. debt service reserves), grantors, laws, or other regulations. Self-imposed restrictions by the Authority do not result in restricted net positions.
>
> Unrestricted Net Position: This component generally consists of anything that does not meet the definition of either of the first two components.

The Authority wide financial statements also include a Statement of Revenues, Expenses, and Changes in Fund Net Position, which is similar to an income statement. This statement includes the operating revenues and expenses as well as the non-operating revenues and non-operating expenses. The focus of the statement is the "change in net position" which is similar to net income or loss.

The Authority also includes a Statement of Cash Flows which discloses net cash provided by, or used for operating activities, non-capital financing activities, capital and related financing activities and investing activities.

Statement of Net Position

The Statement of Net Position includes all assets, liabilities, deferred inflows and deferred outflows of the Authority using the accrual basis of accounting. The following table reflects the condensed information from the Authority's Statement of Net Position for the last fiscal year.

Condensed Statement of Net Position (Balance Sheet)
(in millions)

	June 30 2016	June 30 2017
Assets:		
Current Assets	22.3	29.4
Capital Assets, net of depreciation	84.4	82.7
Non Current Assets	23.3	29.5
Total Assets	130.0	141.6
Deferred Outflow of Resources	3.8	3.1

Liabilities:

Current Liabilities	1.5	1.7
Current Portion of Long Term Debt	2.5	2.5
Long Term Debt	80.3	76.1
Non Current Liabilities	10.4	10.3
Total Liabilities	94.7	90.6
Deferred Inflow of Resources	3.8	2.3
Net Position:		
Net Invested in Capital Assets	13.1	15.3
Restricted Net Position	1.3	.9
Unrestricted Net Position	20.9	35.5
Total Net Position	35.3	51.7

Major Factors Affecting the Statement of Net Position

The Statement of Net Position measures the amount by which assets exceed the corresponding liabilities, or net position. Over time this may serve as useful measure of the Authority's financial position. The total net position of $51.7 million is broken into three categories.

The first category – Investment in Capital Assets, represents the book value amount invested in capital assets net of depreciation and the related debt. The primary changes that affected this category were the sale of the Authority's office building and defeasance of the Westwood Crossing bonds in the process of re-syndicating the property.

The Restricted Net Position consists of two main components, debt service reserves held by trustees to support our debt service commitments, and Section 8 Housing Assistance Payment reserves that are restricted and can only be used for housing assistance payments for our Section 8 Housing Choice Voucher program. The change in this portion of net position primarily reflects defeasance of the bonds for Westwood Crossing, since the reserves were no longer required. This resulted in a decrease of $316,611 in the trust fund balances.

The Unrestricted Net Position represents the Authority's unrestricted cash and investments, which is essentially anything that does not fall into the first two categories. This year's large increase was primarily due to a re-syndication of Westwood Crossing Apartments and the sale of the office building, creating an increase in cash and receivables of $12 million.

Statement of Revenues, Expenses, and Changes in Net Position

The Statement of Revenues, Expenses, and Changes in Net Position present the results of operations as well as the non-operating revenues and expenses. It is necessary to consider both operating and non-operating revenues and expenses to gauge the results of operations because often times the distinctions between operating and non-operating are merely accounting definitions. As a result we believe it best to consider all sources and uses of resources.

Condensed Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30th (millions)

	2016	2017
Operating Revenues		
Dwelling Income	19.7	19.3
Operating Subsidies and Grants	37.6	40.0
Other Income	.8	1.9
Total Operating Revenues	58.1	61.2
Non Operating Revenues		
Grants	1.7	1.5
Interest and Other Non Operating	1.0	1.1
Disposition of Assets	1.7	12.3
Total Non Operating Revenues	4.4	14.9
Total Revenues	62.5	76.1
Operating Expenses		
Operating and Administrative Expenses	17.5	16.6
Housing Assistance Payments	33.7	37.8
Depreciation	2.4	2.3
Total Operating Expenses	53.6	56.7
Non Operating Expenses		
Interest Expense and Subsidy	2.9	2.4
Other Non Operating	.7	.6
Total Non Operating Expenses	3.6	3.0
Total Expenses	57.2	59.7
Income Before Contributions, Transfers, and Special Items	5.3	16.4
Capital Contributions	.4	0
Change In Net Position	5.7	16.4
Total Net Position – Beginning of Year	29.6	35.3
Total Net Position – End of Year	35.3	51.7

Major Factors Affecting the Statement of Revenues, Expenses, and Changes in Net Position

Direct grants and subsidies from HUD, or other grant programs, make up approximately 64% of the revenue we receive. By far the largest program the Authority administers is the Housing Choice Voucher Program, commonly known as Section 8. This program also generates our largest single category of expense as well in the form of Housing Assistance Payments, which are transfer payments to private landlords to assist eligible low income families with their rent. Accordingly, a major factor affecting our Statement of Revenues, Expenses, and Changes in Net Position is Congress' continued appropriation and support for these programs. In fiscal year 2017, this support increased by approximately 8.2% over the previous fiscal year. There is a chance that this support will decline due to uncertainty in politics.

In addition to administering certain programs for our grantor agencies, the Authority is also a real estate owner and is affected economically by the local real estate market. The local real estate market in Snohomish County has remained strong. This has led to rising rent levels and corresponding lower vacancy rates.

As a result of these factors our owned real estate has performed well in the local real estate market. Interest rates remain at low levels. This may allow us to continue to seek cost savings in this area. We expect to see rents remain firm and likely increase, which should lead to increases in our operating revenues, however this would be offset by potentially lower revenues from our government sponsored programs. We operate in a limited geographical area and are unable to diversify our holdings across multiple markets.

Capital Assets and Debt Administration

Capital Assets

As of June 30, 2017, the Authority had $ 82.7 million invested in capital assets as reflected in the following schedule, which is presented in detail in note number 3 in the financial statement footnotes.

Capital Assets at Year End
(Net of Depreciation - in millions)

	June 30 2016	June 30 2017
Land	26.1	25.1
Buildings and Structures	47.5	45.4
Capitalized Improvements	9.9	10.2
Equipment and Personal Property	.2	.7
Capital Assets, net of accumulated depreciation	83.7	81.4
Add: Construction Work in Progress	.7	1.3
Total Capital Assets net of accumulated depreciation	84.4	82.7

As noted previously the Authority re-syndicated Westwood Crossing Apartments in September, 2016 and sold the office building in February, 2017. This resulted in an overall decrease in capital assets.

The following reconciliation summarizes the change in capital assets for fiscal year 2017, which is presented in detail in the notes to the financial statements.

Change in Capital Assets
(in millions)

	2016	2017
Balance as of the Beginning of Fiscal Year	87.7	84.4
Additions	21.6	5.6
Retirements/Sales, net	(11.6)	(5.1)
Depreciation Expense	(13.3)	(2.2)
Balance as of the End of the Fiscal Year	84.4	82.7

Debt Administration

As of June 30, 2017 the Authority had $ 78.6 million of bonds, notes, and loans payable outstanding, as compared to $ 82.8 million outstanding as of June 30, 2016, a decrease of $4.2 million. The decrease in our overall debt was due to payoff of a bond issue through the re-syndication of an apartment complex. There was also reduction in our debt due to normal repayment of our bonds. This information is presented in detail in note 5 in the footnotes to the financial statements.

Change in Long Term Debt
(in millions)

	2016	2017
Balance as of the Beginning of the Fiscal Year	94.3	82.8
Additions	11.8	3.0
Early Retirements/Payoffs, net	(19.0)	(4.9)
Scheduled Redemptions	(4.3)	(2.3)
Balance as of the End of the Fiscal Year	82.8	78.6

Economic Factors

As noted earlier, the Authority is an owner of rental property as well as an administrator of housing programs that are primarily funded through federal government grant programs.

Legislative or regulatory changes or lack of congressional appropriations for the programs can and will affect the Authority’s operations.

The Authority also provides affordable housing by owning rental property. As such, we are affected by, and subjected to, fluctuations in the local real estate market. Because our area of operation is limited to one county, it is impossible to provide economic diversification of our real estate holdings.

Washington State in general and Snohomish County in particular have had stable real estate markets in the past. We are currently enjoying a strong local rental market with rising rents and low vacancies. We expect vacancy rates in our local real estate market to remain low and economic activity to continue to improve.

Housing Authority of Snohomish County
Statement of Net Position
As of June 30, 2017

	Primary Government	Component Unit
ASSETS		
Current Assets:		
Unrestricted Cash and Cash Equivalents	22,274,873	1,633,598
Restricted Cash and Cash Equivalents and Investments	908,976	25,557
Investments	4,736,073	-
Accounts Receivable - (net)	983,240	25,742
Prepaid Expenses	177,818	66,271
Notes and Loans Receivable - Current	350,338	-
TOTAL CURRENT ASSETS	**29,431,318**	**1,751,168**
Noncurrent Assets:		
Capital Assets		
Construction in Progress	1,344,552	1,711,349
Land	25,120,559	2,074,667
Structures & Equipment, Net of Depreciation	56,235,874	36,715,015
Total Capital Assets	**82,700,985**	**40,501,031**
Notes and Loans Receivable		
Notes and Loans Receivable - Noncurrent	8,743,105	-
Notes Receivable - Limited Partners	20,717,523	-
Other Assets	-	79,845
Total Notes and Loans Receivable	**29,460,628**	**79,845**
TOTAL NONCURRENT ASSETS	**112,161,613**	**40,580,876**
TOTAL ASSETS	**141,592,931**	**42,332,044**
DEFERRED OUTFLOW OF RESOURCES		
Deferred Outflow of Resources - Derivative/Hedging changes	2,249,001	-
Deferred Outflow of Resources Related to Pensions	897,947	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	**3,146,948**	**-**
LIABILITIES		
Current Liabilities:		
Accounts Payable	558,568	8,544
Tenant Security Deposits	525,568	121,641
Accrued Interest Payable	129,707	1,119,543
Current Portion of Long Term Debt	2,529,310	900,458
Unearned Revenue	28,638	17,963
Compensated Absences - Current	278,216	-
Other Accrued Liabilities	154,283	-
TOTAL CURRENT LIABILITIES	**4,204,290**	**2,168,149**
Noncurrent Liabilities:		
Bonds, Notes and Loans Payable	76,107,945	32,691,948
Compensated Absences - Noncurrent	105,766	-
Loan & Notes Payable Noncurrent	4,967,482	-
Unearned Revenue - Developer Fee	1,300,000	
Net Pension Liability	3,973,945	-
Other Noncurrent Liabilities	-	2,758,288
TOTAL NONCURRENT LIABILITIES	**86,455,138**	**35,450,236**
TOTAL LIABILITIES	**90,659,428**	**37,618,385**
DEFERRED INFLOW OF RESOURCES		
Accumulated increase in fair value of hedging derivatives	2,249,001	727,412
Deferred Inflow of Resources Related to Pensions	76,569	-
TOTAL DEFERRED INFLOWS OF RESOURCES	**2,325,570**	**727,412**
NET POSITION		
Net Investment in Capital Assets	15,313,260	6,908,625
Restricted Net Position	908,976	25,557
Unrestricted Net Position	35,532,645	(2,947,935)
TOTAL NET POSITION	**51,754,881**	**3,986,247**
TOTAL NET POSITION	**144,739,879**	**42,332,044**

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

Housing Authority of Snohomish County
Statement of Revenues, Expenses, and Changes in Fund Net Position
For the Fiscal Year July 1, 2016 through June 30, 2017

	Primary Government	Component Unit
Operating Revenues		
Dwelling Income	18,556,343	2,607,538
Tenant Income - Other	752,240	110,000
HUD PHA Grants	40,029,946	-
Other Grants	44,509	-
Other Income	1,870,368	33,767
Total Operating Revenues	61,253,406	2,751,305
Operating Expenses		
Administrative Wages & Benefits	4,879,623	-
Office Administrative Expenses	1,402,698	164,245
Professional Services	160,029	-
Outside Management	552,000	103,503
Utilities	1,897,262	208,730
Maintenance Wages & Benefits	1,991,934	247,897
Maintenance Operating Expenses	1,641,224	221,356
Maintenance Repair Expenses	2,620,036	25,431
Taxes and Insurance	595,740	88,044
Housing Assistance Payments	37,782,980	-
Home Buyer/Rehab Loans and Other Exp	806,610	-
Other Expenses	98,838	29,021
Depreciation Expense	2,275,093	1,300,554
Total Operating Expenses	56,704,067	2,388,781
Operating Income (Loss)	4,549,339	362,524
Non-Operating Revenues (Expenses)		
HUD PHA Grants	430,582	-
Other Grants	1,051,935	-
Interest Income	436,383	969
Interest Credit Subsidy	304,701	-
Gain on Sale of Capital Assets	11,811,015	
Mobile Home Sales	563,120	-
Other Non-operating Revenue	328,053	222,584
Interest Expense	(2,104,164)	(1,034,645)
Interest Subsidy	(304,701)	-
Miscellaneous CDBG Expenses	(614,409)	
Other Non-Operating Expenses	-	(161,998)
Total Non-Operating Revenues (Expenses)	11,902,515	(973,090)
Income Before Contributions, Transfers, Extraordinary and Special Items	16,451,854	(610,566)
Capital Contributions	-	460,100
Change in Net Position	16,451,854	(150,466)
Total Net Position Beginning of Year	35,303,031	4,136,713
Total Net Position End of Year	51,754,885	3,986,247

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

Housing Authority of Snohomish County
Statement of Cash Flows
Fiscal Year Ended June 30, 2017

	Primary Government
Cash Flows from Operating Activities	
Cash received from tenants	19,110,709
Cash received from government grants	40,130,771
Cash received from other sources	1,208,943
Cash received on loan servicing	24,146
Cash payment to suppliers for goods and services	(9,282,756)
Cash payments for housing assistance	(37,785,881)
Cash payments to employees for wages/benefits	(7,082,950)
Net cash provided by operating activities	**6,322,982**
Cash Flows from Non-Capital Financing	
Cash received from grantors	2,045,637
Operating transfers to primary govt/component units/other	(490,209)
Repayment of long term debt or loans (NC)	(899,536)
Interest paid on long term debt or loans	(17,768)
Other non-capital proceeds	319,005
Net cash provided by non-capital financing	**957,129**
Cash Flows from Capital and Related Financing	
Purchase or construction of Capital Assets	(5,211,001)
Proceeds from sale of capital assets	5,673,621
Proceeds from long term debt or loans (CA)	2,902,622
Repayment of long term debt or loans (CA)	(2,085,771)
Interest and fees paid on long term debt or loans	(2,297,159)
Net cash used by capital financing	**(1,017,688)**
Cash Flows from Investing Activities	
Interest Income	308,469
Purchase of investments	(3,507,050)
Sale of Investments	2,271,099
Net cash used by investing activities	**(927,483)**
Net increase in cash and cash equivalents	**5,334,940**
Add Net Increase/Decrease to Beginning Cash	
Cash & Equivalents at Previous Fiscal Year End	17,848,909
Balance to Current Cash	
Cash & Equivalents at Current Fiscal Year End	23,183,850
Adjustments to reconcile income from operations to net cash provided	
Income from Operations	4,549,338
Depreciation	2,275,093
Increase in A/R - Tenants	(10,897)
Increase in prepaid expenses	(16,997)
Increase other assets	(32,463)
Increase in security deposits	(79,667)
Increase in accounts payable	327,349
Decrease in unearned revenue	(559,991)
Decrease in net pension liability	(128,783)
Net Cash Provided by Operating Activity	**6,322,982**

The accompanying notes are an integral part of this statement.

HOUSING AUTHORITY OF SNOHOMISH COUNTY
Notes to the Financial Statements
July 1, 2016 through June 30, 2017

The following notes are an integral part of the accompanying financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

a. Reporting Entity

The Housing Authority of Snohomish County was created by resolution of the Snohomish County Council on April 15, 1971. The Authority was duly organized and incorporated as an independent municipal corporation on May 6, 1971, pursuant to the State of Washington Housing Authorities Law, RCW Chapter 35.82. The Housing Authority is governed by a six member Board of Commissioners who are appointed to staggered five-year terms by the county council. The Board of Commissioners appoints an Executive Director to implement Board policy and oversee the daily operations of the Authority. The Authority is the lowest level of government over which the Board of Commissioners and the Executive Director exercise oversight responsibility. The financial statements include all the accounts of the Authority's operations. The Authority develops, acquires, maintains, and manages affordable housing. The Authority also administers Housing Assistance Programs for low income, handicapped, and elderly residents of Snohomish County. These functions are funded through a variety of grants and contracts. The Housing Authority has no taxing powers.

The Authority has also entered into three partnerships to administer low income housing tax credits allocated by the Washington State Housing Finance Commission. These partnerships are further described in Note 8. The partnership activity is reported in the component unit column of the financial statements. These partnerships meet the requirements of Governmental Accounting Standards Board Statement 14 to be treated as component units because of the “imposition of will” and “financial benefit/burden” criteria. As such, they are considered a part of the reporting entity. The partnerships financial reporting is summarized in a separate column using the discrete presentation method. Each of the partnerships uses a calendar year-end reporting period which is different from the Authority’s. No attempt was made to reconcile between these reporting periods. Each partnership is audited separately. Separate copies of the financial reports can be obtained by contacting the Housing Authority.

b. Basis of Accounting and Financial Statement Presentation

The accounting records of the Authority are maintained and reported in accordance with methods prescribed by the Washington State Auditor under the authority of Chapter 43.09 RCW and the Federal Department of Housing and Urban Development. The Authority must report using Generally Accepted Accounting Principles (GAAP); however it has the option to use either the single enterprise proprietary fund or special purpose governmental fund model. The Authority has elected to use the single enterprise proprietary fund and uses the accrual basis of accounting. The measurement focus is on the flow of economic resources. 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. Capital asset purchases are capitalized and long term liabilities are accounted for in the fund. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

c. Cash, Cash Equivalents, and Investments

The Authority’s cash and cash equivalents are considered to be cash on hand, demand deposits, balances in investment pools, and short-term investments with a maturity of three months or less. It is the policy of the Authority to invest all temporary cash surpluses. Any excess cash is invested in short-term instruments in accordance with state law and the Authority's investment policy. State law prohibits any equity investments. Investments by the Authority are reported at fair value which is materially equivalent to cost. This is more fully disclosed in Note 2.

d. Restricted Cash and Investments
Certain cash and investment balances, such as a debt service reserve accounts, are usually required by bond trust indentures. These funds are typically held by a trustee in accordance with the bond indenture. These reserves are established to insure the financial stability of the projects and to provide additional security to bond holders. Any balances held by trustees in a debt service reserve account at year end on behalf of the Authority, which are irrevocably pledged for the repayment of debt, are reported as restricted cash and investments. This category will also include any funds being held from a grantor agency for which there exists a restriction on its use. An example of this is funding from HUD which can only be used to make housing assistance payments on behalf of eligible program participants.

e. Investments
Investments at year end consist of investments in marketable securities which have a maturity date of more than 3 months. State law prohibits any equity investments. Investments by the Authority are reported at fair value which is materially equivalent to cost. Fair value is determined utilizing month end safekeeping statements.

f. Accounts Receivable
Accounts receivable at year-end consist of amounts owed from various organizations or individuals for goods and services rendered, or owed on promissory notes or contracts receivable. Amounts owed on promissory notes or contracts receivable generally refer to loan amounts that are due and payable over time. The major receivables at year end are due from grantor agencies as amounts owed to the Authority but not yet received as well as long-term receivables for loans that are secured by real property, or for developer fees from our tax credit partnerships, which are component units of the Authority. Because the material account receivable balances are generally secured by grant or partnership agreements, or secured by liens against real property there is generally no need to estimate uncollectible accounts receivable. For any immaterial tenant accounts receivable the Authority does use the allowance method to estimate the amount of receivables that may be uncollectible, however these amounts are typically immaterial.

g. Inventory
The Authority does not maintain any significant inventory items. All such expenditures are expensed when purchased and no inventory is reported because it would be an immaterial amount.

h. Land, Structures, and Equipment and Depreciation
See Note 3 – Capital Assets and Depreciation.

i. Notes and Loans Receivable
Represent loans of bond proceeds to our tax credit partnerships as well as loans we have made in the various loan programs we operate for down payment assistance or mortgage financing for our Thomas Place project. These loans are expected to be repaid through project cash flows or by the loan recipients. These are classified as non-current because they are not expected to be repaid within one year.

j. Accrued Interest Payable
Represents accrued interest payable on various bonds, loans, and notes as of the last day of the reporting period.

k. Accrued Compensated Absences
The balances represent the Authority's estimate of the cash value of accrued administrative leave. This is more fully described in Note 7.

l. Rehab Loans Payable
The Authority administered a Rehab Loan Program for Snohomish County that was funded by Snohomish County Community Development Block Grant (CDBG). These grant dollars were loaned to eligible individuals, in accordance with program guidelines, and can range from being deferred with no interest to being repayable with 3% interest depending on the borrower's eligibility. When the loans are repaid, the funds are repaid to the

County. The loan program has been discontinued but the Authority continues to service the loan portfolio.

m. Developer Fees

The developer fees represent amounts due to the Authority from tax credit partnerships where the Authority is the general partner. The developer fees are payable over a 15-year tax credit compliance period from the projects available excess cash flow. These amounts are recorded as due the general partner in the partnership's records. In the Authority's records, these amounts have been recorded as a note receivable from limited partners along with offsetting non-current deferred revenue. Since the fees are payable from excess cash flow, if there is any, and there is no predetermined payment schedule, it is unknown if and when the fees will be collected. The partnerships are reported as component units of the Authority and are more fully explained in Note 8.

n. Bonds/Notes/Loans Payable

All bonds, notes, and loans payable, which represent long-term liabilities, are reported on the financial statements at par value, net of any unamortized bond discounts. Several of these loans and notes contain clauses which defer payments, grant credits, or forgive indebtedness, which depend on the Housing Authority complying with specific provisions of the agreements. These items are more fully described in Note 5 - Long Term Debt.

o. Operating Revenues and Expenses

The Authority reports operating revenues as defined in GASB Statement 9. Operating revenues result from fees and charges from providing services in connection with the ongoing operations of providing low income housing. Operating revenues also include operating subsidies and grants provided by Housing and Urban Development (HUD). The use of this classification is based on guidance from HUD, one of the primary users of the financial statements. Operating expenses are those expenses that are directly incurred while in the operation of providing low income housing.

This presentation results in an operating income that is higher than a non-operating income presentation by the amounts of the subsidies or grants. Overall it does not affect the presentation of net income or the change in net position in the statement of revenues, expenses, and changes in net position, or the presentation of cash and cash equivalents. This also changes the reporting classifications on the cash flow statement, as subsidies are reported as operating activity rather than non-capital financing, but has no affect overall.

p. Budgets

The Board of Commissioners formally adopts annual operating budgets each year although there is no statutory requirement to do so. Budgets are submitted to grantor agencies when required by the program regulations. When required by the grantor agencies budgets are approved by the Board of Commissioners. Program budgets are not reported because they are often prepared on different fiscal years or on bases of accounting that differ from the financial statements and therefore could be misleading. Additionally, since the Authority reports using the enterprise model there is no requirement to report budget information.

q. 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.

r. Fair Value Measurements

The Housing Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset:

- Level 1: Quoted prices in active markets for identical assets or liabilities;
- Level 2: Quoted prices for similar assets or liabilities in active or not active markets or other observable inputs;
- Level 3: Significant unobservable inputs.

The Housing Authority has the following recurring fair value measurements as of June 30, 2017:

- U.S. Government Agency Securities of $4.7 million are valued using quoted market prices (Level 1 inputs)

NOTE 2 – CASH DEPOSITS, CASH EQUIVALENTS, AND INVESTMENTS

Any available excess cash or demand deposits of the Authority are invested in accordance with RCW 35.82.070 (6) and the Authority's policies. It is the policy of the Authority, when making deposits or investing in bank market rate savings, money market funds, or certificates of deposit, to use banks which are qualified public depositories as designated by the Washington Public Deposit Protection Commission (WPDPC) pursuant to Chapter 39.58 RCW. The WPDPC is a risk sharing pool whereby member banks that are designated as "qualified public depositories", mutually insure public deposits against loss. As a result, the FDIC or WPDPC insures all demand deposits and bank balances of the Authority against loss.

The Authority voluntarily participates in the Washington State Local Government Investment Pool (LGIP). The LGIP was created by the state legislature in 1986 and is overseen by the Office of the State Treasurer. The State Treasurer created the LGIP Advisory Committee that is comprised of 12 members selected from active pool participants. The LGIP is considered extremely low risk. The LGIP is operated in a manner consistent with the SEC’s rule 2a-7, which limits investments to high quality obligations with an average maturity of less than 90 days. This minimizes both market and credit risk. Any balances in the LGIP are reported at par value, which is the same as the fair value of the pool shares. The Authority also invests in government backed securities to try to improve returns. All investments are still in accordance with our investment policies.

All applicable cash and investment amounts are recorded at fair value which is materially equivalent to cost, which meets the requirements of Statement No. 72 of the Governmental Accounting Standards Board. As of June 30, 2017, the Authority was holding $22,274,873 in unrestricted cash, demand deposits and cash equivalents, and $4,736,073 in unrestricted investments. All restricted cash and investments held in bond trust accounts are invested in accordance with the provisions of the various trust indentures. As of June 30, 2017, the Authority was holding $ 908,976 in restricted cash and investments. These balances are invested in the following investment types:

Unrestricted Cash & Cash Equivalents and Investments

Cash & Cash Equivalents	Maturity	Fair Value	Rating
State Treasurer’s LGIP	Next Day or On Demand	$12,093,225	Not Rated
Government Securities Money Market Fund	Next Day Liquidity	136,140	Not Rated
Bank Accounts	Next Day Liquidity	10,045,508	Not Rated
		$22,274,873	

Investments

Description	Maturity Date	Rating	Market Value
Federal Natl Mortgage Assn	6/13/2019	AA+	$ 746,620
Federal Farm Credit Bank	10/20/2017	AA+	$ 499,281
Federal Farm Credit Bank	1/13/2020	AA+	$ 494,278
Farmer Mac	7/27/2018	AA+	$ 497,298
Federal Farm Credit Bank	2/26/2021	AA+	$ 498,946
Federal Farm Credit Bank	8/28/2020	AA+	$ 999,648
Federal Farm Credit Bank	12/2/2020	AA+	$ 1,000,003
			$ 4,736,073

Total Unrestricted Cash & Cash Equivalents and Investments $27,010,946

Restricted Cash & Cash Equivalents and Investments

Cash & Cash Equivalents	Maturity	Fair Value	Rating
Government Securities Money Market Fund	Next Day Liquidity	$ 347,349	Not Rated
Investment Agreements	May 1, 2031	543,113	Not Rated
State Treasurer's LGIP	Next Day Liquidity	18,514	Not Rated
Total Restricted Cash & Cash Equivalents		$ 908,976	

Interest Rate Risk
Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Authority's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However the large majority of the Authority's investments are short term in nature. The longer term investments are typically in debt service reserve funds held by the trustee for various revenue bond issues or government-backed securities.

Custodial Risk
Is the risk that in the event of a failure of the counterparty (e.g. broker-dealer) to an investment transaction, the Authority would not be able to recover the value of the investment or collateral securities, which may be in the possession of another party. The Authority believes our investments are secured through sufficient collateral mechanisms and trust agreements and therefore our custodial risk exposure is minimal.

Credit Risk
Credit risk is the risk that the debt issuer or other counterparty will not meet its obligations under the terms of the debt instrument. The credit risk is measured by quality rating of investments in debt securities as described by a national statistical rating agency, such as Standard and Poor's or Moody's. As noted above, state law limits the types of investments that can be made by the Authority to those identified in RCW 35.82.070 (6) and revised by RCW 39.59. As such, the Authority's investments are limited to those investments that were guaranteed by the U.S. Government or an instrumentality, such as FNMA, investments in external investment pools, or insured bank accounts.

Concentration of Credit Risk
The Authority places no limit on the amount that can be invested in any one investment.

NOTE 3 – CAPITAL ASSETS AND DEPRECIATION

Capital Assets
Capital assets are recorded at historical cost in the Land, Structures, and Equipment accounts. Improvements that extend the useful life of the structure and are in excess of $5,000 are capitalized while costs associated with repairs and maintenance are expensed. All costs of acquiring, constructing, or renovating capital assets are included in those programs as capital assets. This includes capitalization of interest when appropriate.

For certain subsidized programs, grant funds are used for capital improvements, such as the Comprehensive Grant Program (CGP) and Community Development Block Grant (CDBG) program. Costs are accounted for within the appropriate program in order to prepare proper financial and program compliance reports. If costs are to be capitalized, the assets are transferred to the appropriate program upon completion of the project. Other costs for repair and maintenance are expensed as incurred. Generally interest is not capitalized in these programs because these improvements are not financed, funding is provided as reimbursements are requested.

Capital assets are depreciated using the straight-line method. Depreciation begins the fiscal year after acquisition; or the date the asset was placed in service, no depreciation is taken in the year of acquisition. Depreciable lives are as follows:

Land	Not Depreciated
Buildings and Structures	40 years
Capital Improvements	7-15 years
Equipment and Personal Property	3-5 years

Proceeds of any disposal or write-offs of any capital assets are recognized in the period sold in the appropriate program. Upon disposal of depreciable property, the appropriate property accounts are reduced by the related costs and accumulated depreciation. Other Assets also includes any construction work in progress that has not been completed and placed in service and other miscellaneous deferred debits.

Capital Asset activity for the year ended June 30, 2017 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets not being depreciated:				
Land	26,130,559	-	1,010,000	25,120,559
Construction Work in Progress (net)	678,404	1,233,257	567,109	1,344,552
Total Capital Assets not being depreciated:	26,808,962	1,233,257	1,577,109	26,465,111
Capital Assets being depreciated:				
Buildings and Structures	78,475,972	2,261,982	4,143,484	76,594,470
Capitalized Improvements	17,387,022	1,662,121	793,903	18,255,240
Equipment and Personal Property	787,489	495,216	116,636	1,166,068
Total Capital Assets being depreciated:	96,650,482	4,419,319	5,054,023	96,015,778
Less accumulated depreciation: (net)		Reductions	Accumulations	
Buildings and Structures	(31,002,545)	1,130,851	1,297,723	(31,169,417)
Capitalized Improvements	(7,501,891)	218,857	821,828	(8,104,862)
Equipment and Personal Property	(537,886)	109,081	76,819	(505,625)
Total accumulated depreciation:	(39,042,322)	1,458,789	2,196,370	(39,779,904)
Total Capital Assets being depreciated, net:	57,608,160	5,878,107	7,250,393	56,235,875
Total Capital Assets, net of depreciation	84,417,123	7,111,365	8,827,502	82,700,985

NOTE 4 – PENSION PLAN

The following table represents the aggregate pension amounts for all plans subject to the requirements of the GASB Statement 68, *Accounting and Financial Reporting for Pensions* for fiscal year 2017.

Aggregate Pension Amounts – All Plans	
Pension liabilities	$ 3,973,945
Pension assets	$ -
Deferred outflows of resources	$ 897,946
Deferred inflows of resources	$ 76,569
Pension expense/expenditures	$ 329,626

State Sponsored Pension Plans

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

The Department of Retirement System (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 the legislature; employees of district and municipal courts; employees of local governments; and higher education employees not participating in higher education retirement programs. PERS is comprised of three separate pension plans for membership purposes. PERS plans 1 and 2 are defined benefit plans, and PERS plan 3 is a defined benefit plan with a defined contribution component.

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

Contributions

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

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

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

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

- With a benefit that is reduced by three percent for each year before age 65; or

- With a benefit that has a smaller (or no) reduction (depending on age) that imposes stricter return-to-work rules.

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

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

Contributions

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

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

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

The Authority's actual PERS plan contributions were $199,557 to PERS Plan 1 and $252,879 to PERS Plan 2/3 for the year ended June 30, 2017.

Actuarial Assumptions

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

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

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

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

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

Discount Rate

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

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

Long-Term Expected Rate of Return

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

Estimated Rates of Return by Asset Class

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

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

Sensitivity of the Net Pension Liability/(Asset)

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

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
PERS 1	$2,214,294	$1,836,218	$1,510,860
PERS 2/3	$3,935,939	$2,137,727	$(1,112,810)

Pension Plan Fiduciary Net Position

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

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

At June 30, 2016, the Authority reported a total pension liability of $3,973,945 for its proportionate share of the net pension liabilities as follows:

	Liability (or Asset)
PERS 1	$1,836,218
PERS 2/3	$2,137,727

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

	Proportionate Share 6/30/15	Proportionate Share 6/30/16	Change in Proportion
PERS 1	0.034213%	0.034191%	0.000022%
PERS 2/3	0.042821%	0.042458%	0.000363%

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

In fiscal year 2016, the state of Washington contributed 39.46 percent of LEOFF 2 employer contributions pursuant to RCW 41.26.725 and all other employers contributed the remaining 60.54 percent of employer contributions.

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

Pension Expense

For the year ended June 30, 2017, the Authority recognized pension expense as follows:

	Pension Expense
PERS 1	$ 74,801
PERS 2/3	$ 254,825
TOTAL	$ 329,626

Deferred Outflows of Resources and Deferred Inflows of Resources

At June 30, 2017, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	PERS 1	PERS 1	PERS 2/3	PERS 2/3
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ -	$113,832	$70,570
Net difference between projected and actual investment earnings on pension plan investments	$ 46,233	$ -	$261,596	$ -
Changes of assumptions	$ -	$ -	$ 22,095	$ -
Changes in proportion and differences between contributions and proportionate share of contributions	$ -	$ -	$ 1,753	$ 5,999
Contributions subsequent to the measurement date	$199,827	$ -	$252,609	$ -
TOTAL	$246,060	$ -	$651,885	$76,569

PERS 1 & PERS 2/3 TOTALS			Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience			$113,832	$70,570
Net difference between projected and actual			$307,829	$ -

investment earnings on pension plan investments				
Changes of assumptions			$ 22,095	$ -
Changes in proportion and differences between contributions and proportionate share of contributions			$ 1,753	$ 5,999
Contributions subsequent to the measurement date			$452,436	$ -
TOTAL			$897,946	$76,569

Deferred outflows of resources related to pensions resulting from the Authority's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	PERS 1	PERS 2/3
2017	$(11,384)	$ 902
2018	$(11,384)	$ 902
2019	$42,460	$197,639
2020	$26,540	$123,264
2021	$ -	$ -
Thereafter	$ -	$ -
Total	$ 46,233	$322,707

NOTE 5 - LONG TERM DEBT

The Authority's long-term obligations consist of bonds payable, notes payable, and grants and loans payable. These bonds, loans, and notes have been issued for purchasing or constructing housing or to provide funds for capital improvements or loaned to various non-profit groups as conduit financing to do the same. Accordingly, all the debt is classified as capital related debt. All of the debt is tax exempt debt, which means that the interest earned by the holders of the debt is exempt from income taxes on their personal tax returns. As tax exempt debt the Authority is subject to compliance with IRS regulations related to arbitrage. To the best of our knowledge the Authority is in compliance with all required finance related covenants and regulations related to our debt. Changes to the Authority's long-term obligations are summarized below:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Compensated Absences	$ 386,585	$ -	$ (2,603)	$ 383,982	$ 278,216
Net Pension Liability	$ 3,319,677	$ 654,268	$ -	$ 3,973,945	$ -
Conduit Financing	$ 8,695,916	$ -	$ (218,884)	$ 8,477,032	$ 222,518
Bonds Payable, net	$ 49,971,394	$ -	$ (5,951,462)	$ 44,019,932	$ 2,146,787
Line of Credit	$ 899,536	$ -	$ (899,536)	$ -	$ -
Notes Payable	$ 5,904,745	$ -	$ (125,089)	$ 5,779,656	$ 134,646
Loans Payable	$ 17,322,413	$ 3,052,646	$ (14,424)	$ 20,360,636	$ 24,651
	$ 86,500,266	**$ 3,706,914**	**$ (7,211,997)**	**$ 82,995,184**	**$ 2,806,818**

Additional debt incurred in fiscal year 2017 consists of the following:

- $1.5 million in deferred debt from State and County Housing Trust Funds for Tall Firs Apartments
- $1.0 million in deferred debt from the State Housing Trust Fund for Glenwood Apartments
- $565k in deferred debt from State and County HOME Funds for Woodlake Manor III

Debt reductions incurred in fiscal year 2017 consists of the following:

- Defeasance of Westwood Crossing bonds totaling $4,025,000 due to re-syndication
- Elimination of the Bank of America Line of Credit, further reducing debt by $899,536.

ID No.	Description	Issue Date	Interest Rate - %	Maturity	Beginning Balance	Additions	Reductions	Amount Outstanding	Current Portion
259.12	Compensated Absences				386,585	-	(2,603)	383,982	278,216
264.30	Net Pension Liability				3,319,677	654,268	-	3,973,945	-
				Total Miscellaneous Liabilities:	**3,706,262**	**654,268**	**(2,603)**	**4,357,927**	**278,216**
Revenue Bonds Payable:									
Conduit Bond Issues									
263.92	SAHG Refunding Revenue Bond	05/13	3.875	6/1/2033	2,683,591	-	(57,025)	2,626,567	59,351
	Housing Hope Avondale Village Project	11/05	6.00 - 7.00	11/1/2036	772,325	-	(16,859)	755,465	13,167
	Olympic and Sound View LLC	11/07	Variable Rate w/Swap Hedge	12/1/2037	5,240,000	-	(145,000)	5,095,000	150,000
				Total Bonds Payable -- HA Financed Projects:	**8,695,916**	**-**	**(218,884)**	**8,477,032**	**222,518**
Housing Authority Owned Projects							-		
252.11	Woodlake and Fairview Refunding Revenue Note	03/15	3.625	4/1/2030	520,356	-	(29,509)	490,846	30,602
	Ebey Arms Revenue Bonds, Center House, Raintree Village and Valley Commons Refunding Bonds	11/03	Variable Rate w/Swap Hedge	11/1/2034	7,300,000	-	(245,000)	7,055,000	255,000
	Autumn Chase Bonds	05/16	3.4	5/1/2031	10,250,000	-	(200,081)	10,049,919	206,996
	Westwood Crossing Bonds	05/07	5.25	11/1/2037	4,025,000	-	(4,025,000)	-	-
	Squire/Kingsbury Mobile Home Park	05/07	4.40 - 4.50	10/1/2037	3,385,000	-	(100,000)	3,285,000	105,000
	Bristol Square FNMA Bond (Taxable)	04/11	5.8	6/21/2021	5,032,479	-	(86,569)	4,945,910	91,800
	USDA Pooled Project - Banner Bank	04/12	4	4/1/2027	2,104,135	-	(158,376)	1,945,759	164,829
	Millwood Estates (FNMA Note)	12/12	2.61	1/1/2023	6,951,754	-	(976,425)	5,975,329	1,002,560
	Edmonds Highlands Bonds	12/12	1.00 - 3.25	5/1/2041	9,275,000	-	(260,000)	9,015,000	265,000
	Tall Firs WSHFC Nonprofit Revenue Bonds	07/10	3.000 - 5.125	7/1/2045	1,350,000		(25,000)	1,325,000	25,000
				Total Bonds Payable -- Housing Authority Projects:	**50,193,724**	**-**	**(6,105,961)**	**44,087,763**	**2,146,787**
				TOTAL BONDS PAYABLE	**58,889,640**	**-**	**(6,324,844)**	**52,564,795**	**2,369,305**
				Less: Total Unamortized Bond Discounts	**(222,330)**	**-**	**154,499**	**(67,831)**	**-**
				TOTAL BONDS PAYABLE (Net of Unamortized Discounts)	**58,667,310**	**-**	**(6,170,346)**	**52,496,964**	**2,369,305**
Line of Credit									
263.92	Bank of America - General Line of Credit			3/19/2017	899,536	-	(899,536)	-	-
				Total Line of Credit:	**899,536**	**-**	**(899,536)**	**-**	**-**
Notes Payable:									
263.62	Craigmont - USDA Note	11/92	1.00 - 7.75	11/1/2032	1,242,335		(38,712)	1,203,623	41,821
	USDA Pooled Project - USDA Note	04/96	1.00 - 6.75	4/1/2036	2,280,879		(68,413)	2,212,466	73,177
	Glenwood - USDA Note	04/89	1.00 - 9.00		1,292,030	-	(17,963)	1,274,067	19,648

ID No.	Description	Issue Date	Interest Rate - %	Maturity	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Notes Payable:									
	Ebey Arms - Wash. State CTED Note	11/03	1.00	11/30/2043	1,089,500	-	-	1,089,500	-
				Total Notes Payable:	**5,904,745**	**-**	**(125,089)**	**5,779,656**	**134,646**
Loans Payable:									
263.82	Thomas Lake	12/94	1.00	12/31/2034	693,167	5,000	(4,236)	693,931	4,276
	AIDS Housing	12/96	Deferred	12/1/2046	220,150	-	-	220,150	-
	Center House	08/91	Deferred	12/31/2037	489,000	-	(10,188)	478,813	20,375
	Autumn Leaf	01/06	Deferred	12/31/2045	500,000	-	-	500,000	-
		01/06	Deferred	12/31/2045	309,535	-	-	309,535	-
	Squire/Kingsbury	04/07	0	12/31/2057	3,500,000	-	-	3,500,000	-
	Squire/Kingsbury	09/07	Deferred	9/30/2047	625,113	-	-	625,113	-
	Squire/Kingsbury	06/08	Deferred	6/30/2048	1,000,000	-	-	1,000,000	-
	Squire/Kingsbury	07/07	Deferred	7/31/2047	392,938	-	-	392,938	-
	Squire/Kingsbury	01/09	Deferred	1/30/2049	558,260	-	-	558,260	-
	East Terrace III	04/07	Deferred	4/30/2047	750,000	-	-	750,000	-
	East Terrace III	01/08	Deferred	12/31/2047	1,150,000			1,150,000	-
	Olympic/Sound View	10/07	Deferred	12/31/2048	772,500	-	-	772,500	-
	Olympic/Sound View	10/07	Deferred	12/31/2048	2,000,000	-	-	2,000,000	-
	Tall Firs - Wa State Dept of Commerce HTF	06/15	Deferred	6/15/2055	621,522	1,105,935	-	1,727,457	-
	Tall Firs - Snohomish County Affordable HTF	06/15	Deferred	6/1/2055	1,500,000	421,595	-	1,921,595	-
	Glenwood - Snohomish County Affordable HTF	07/14	Deferred	7/1/2054	323,246	-	-	323,246	-
	Glenwood - County HOME funds	07/14	Deferred	7/1/2054	536,754		-	536,754	-
	Glenwood - Wa State Dept of Commerce HTF	10/16	Deferred	9/30/2056	-	954,867	-	954,867	-
	Woodlake Manor 3 - Snohomish Co Affordable HOME	09/15	Deferred	9/1/2055	592,967	152,511	-	745,478	-
	Woodlake Manor 3 - State HTF HOME funds	12/15	Deferred	12/1/2055	787,262	412,738	-	1,200,000	-
				Total Loans Payable:	**17,322,413**	**3,052,646**	**(14,424)**	**20,360,636**	**24,651**
				Total Outstanding Long Term Debt:	**86,500,266**	**3,706,914**	**(7,211,997)**	**82,995,184**	**2,806,818**

A. Revenue Bonds Payable

Housing Authority Financed Projects

From time to time, the Authority has issued revenue bonds to provide financial assistance to private entities for the acquisition or construction of housing deemed to be in the public interest. The bonds were issued and the proceeds were loaned to the private entities under the terms of the governing loan and regulatory agreements. The bonds are secured by liens on the property financed and are payable from payments received on the underlying loans. The liens are secured solely by the revenues generated by the property secured by the underlying deed of trust granted to the Authority.

The bonds are issued in the name of the Authority and are liabilities of the Authority. No other governmental agency is liable for these bonds except the Authority. The underlying non-profit owners and partnerships are current on all obligations under the terms of the governing loan and regulatory agreements. The Authority has no taxing powers. All the bonds are tax-exempt revenue bonds, and are subject to arbitrage requirements, except the bonds for the Bristol Square project, formerly known as the West Pacific Limited. As of June 30, 2017 the total outstanding balance of bonds payable for conduit financed projects is $8,477,032 and consists of the bonds listed above under *Conduit Bond Issues.*

Housing Authority Owned Projects

The serial revenue bonds were issued to finance the purchase and/or the development of the aforementioned projects. Debt service on the bond issues are paid from bond funds established pursuant to Board resolutions. The bond funds are funded from net operating revenues of the respective projects that the bonds are secured by. The Authority is responsible under the bond indentures to maintain various coverage ratios and covenants. The Authority is in compliance with all such requirements.

As of June 30, 2017 the total outstanding balance of bonds payable for Authority owned projects is $44,087,763 and consists of the bonds payable listed in the *Housing Authority Owned Projects* section, above.

The estimated annual requirements to amortize all the Authority's revenue bonds outstanding as of June 30, 2017, including interest, are as follows:

Fiscal Year	Bond Principal	Interest
2018	2,146,787	1,652,420
2019	2,219,182	1,581,063
2020	2,292,181	1,507,674
2021	6,913,712	1,406,566
2022	2,335,220	1,084,010
2023-2027	7,485,204	4,508,725
2028-2032	12,940,511	2,979,763
2033-2037	5,145,000	912,710
2038-2042	2,300,000	212,363
2043-2046	310,000	25,113

At June 30, 2017, the Authority has $ 890,462 classified as restricted assets that are held by trustees, as required by our bond indentures and agreements.

B. Notes Payable

The notes payable consist of several promissory notes with USDA, Rural Housing Services as well as a deferred promissory note with the Washington State Department of Community, Trade, and Economic Development (CTED).

The Authority has entered into promissory notes with the U.S Department of Agriculture, Rural Development Division, formerly known as Farmers Home Administration. The Craigmont note financed the acquisition of this project. It is a 40-year note payable with an interest rate of 7.75%. The notes associated with the Pooled Project represent promissory notes assumed by the Authority upon acquisition of these projects. These notes have a 40-year term with an interest rate of 6.75%. The Glenwood Apartment note financed the acquisition of this project. It is a 40-year note payable with an interest rate of 9.00%. These notes are subordinate to the Authority's revenue bonds on this project. By complying with provisions of the loan agreements, interest credits are granted on a monthly basis that makes the effective interest rate 1.00%. The amount of interest credit granted in any year is calculated and has been reported on the schedule of federal financial assistance as a subsidy. Annual debt service requirements on these notes could vary depending on the amount of interest credit granted. The Pooled Project and Glenwood Apartments both receive rental assistance through USDA, Rural Development.

The Authority entered into a promissory note with the Washington State Department of Community, Trade, and Economic Development (CTED). The note is subject to the terms and conditions of the Housing Finance Unit Agreement, contract number 03-49300-802, in consideration for the sale and financing of Ebey Arms Apartments. The contract is for a term of 40 years. Quarterly interest only payments of $2,723.75 are due for the first 15 years. The final interest only payment is due on November 30, 2018. Principal and interest payments of $12,327.10 shall be due beginning February 28, 2019 and quarterly thereafter for 25 years until the loan is due and payable in full on or before November 30, 2043. As of June 30, 2017, the total outstanding balance of Notes Payable is $5,779,656. Details are listed in the above schedule, under *Notes Payable*.

The Authority has not calculated an estimate of the annual requirements to amortize the notes payable outstanding as of June 30, 2017, because future events could trigger changes in interest rates which would affect the amount of interest and the amortizing balances, as previously described.

C. Loans Payable

The Authority also has a number of other debt obligations that are most appropriately categorized as loans payable. In general these loans were entered into to take advantage of favorable loan or grant agreements. A summary totaling $20,360,636 as of 6/30/2017 is listed in the above schedule, and a more detailed description of these loans follows:

Detailed Description:

(1) Thomas Lake: This is a 3-part promissory note payable to the Washington State Department of Community Development. The funds were received for the purpose of purchasing and rehabilitating a condemned mobile home park. This note’s three parts are as follows:

   a. $500,000 is a deferred loan that incurs simple interest at 1% per year. Both the principal and interest are deferred and will be forgiven on December 31, 2035 if the Authority has complied with the affordable housing conditions outlined in the agreement. If the property is sold, the deferred amounts become due and payable. The deferred portion of this loan increased by $5,000 in fiscal year 2017. The outstanding principal and deferred interest balance is $610,000. The Authority has complied with all the provisions of the agreement.

   b. $72,000 portion of this loan will be used as a revolving loan fund to assist income eligible persons in securing housing in the Mobile Home Park. This portion of the loan is secured by liens on the property financed. This portion was transferred to Homesight, a non-profit corporation who has taken over a regional role for servicing these loans. Accordingly, the Authority is no longer liable for this portion of the loan.

   c. The final $168,000 portion of the loan is a 1% loan to be amortized over 40 years with annual payments of principal and interest in the amount of $5,098 due each December 31. All payments have been made on this portion of the loan. The current outstanding principal balance is $83,931.

(2) AIDS Housing: This is a recoverable grant, $122,000 was received from the Washington State Department of Community Development, and $98,150 was received from Snohomish County, solely for the construction of housing for very low income persons with AIDS. The grant compliance period is 50 years commencing upon project completion. If the property is sold, refinanced, or its use changes the grant shall be due and payable. Because of the unique repayment provision we have recorded this recoverable grant as a loan. If compliance with the contract provisions is met for the 50-year period the loan is forgiven.

(3) Center House: The Authority entered into a contract with the Washington State Department of Community Development in August of 1991 in the amount of $389,000 to provide funds to assist with the construction and development of the Center House Apartments. This note was re-negotiated with the State and the County which will alter the terms of repayment. An additional $100,000 was awarded in April of 2013 but was not received until December of 2013. Quarterly principal payments of $5,093.75 are due beginning March 31, 2017 through September 30, 2037, with the final principal payment of $66,218.75 due on or before December 31st, 2037.

(4) Autumn Leaf:
a.) The Housing Authority entered into a recoverable grant agreement with the Washington State Department of Community Development (contract # 04-49300-094), in the amount of $500,000. This recoverable grant was received to provide a portion of the funds to rehabilitate 8 additional units of transitional housing at a Housing Authority owned site in Marysville, Washington, to be known as Autumn Leaf. There is no expectation that the grant will be repaid, however if the terms and conditions of the grant agreement are not met, or if the property is sold, transferred, refinanced, or if the use changes over the 40 year term of the grant, the grant and a share of the appreciated value becomes due and payable to the State Housing Trust Fund. The agreement commenced on January 1, 2006 and ends on December 31, 2045.

b.) The Authority entered into a loan agreement with Snohomish County known as the AHTF 203 #2, as amended in October of 2005, for $309,535 for a term of 40 years, the loan is a 0% deferred loan that requires no interest or principal payments for 40 years. After 40 years the loan will be forgiven if the Housing Authority has fully complied with the provisions of the agreement. The purpose of the loan was to provide a portion of the funds necessary to rehabilitate 8 additional units of transitional housing. The agreement commenced on January 1, 2006 and ends on December 31, 2045.

(5) Squire/Kingsbury: The Squire and Kingsbury projects are two senior mobile home parks that the Authority purchased to preserve this limited supply of affordable low income housing. To accomplish this goal a number of loans were received in order to reduce the amount of permanent debt the project rents will have to support in order to make this project financially feasible. These deferred loans are outlined below:

a. The Authority entered into a HOME loan agreement with the Washington State Department of Community Development (contract number 07-47104-002), for $3,500,000 for a term of 50 years, the loan is a deferred loan that requires no interest or principal payments for the first 30 years. After 30 years the loan amortizes, at 0% and requires quarterly payments of $43,750 will begin on March 31, 2038, for the next 20 years. The final payment shall be due on or before December 31, 2057.

b. The Authority entered into a loan agreement with Snohomish County (contract # HCD 07-11-0705-113) on July 23, 2007, for $392,938 for a term of 40 years, the loan is a deferred loan that requires no interest or principal payments for 40 years. After 40 years the loan will be forgiven if the Housing Authority has fully complied with the provisions of the agreement. The purpose of the loan was to reduce the amount of permanent financing required.

c. The Authority entered into a HOME loan agreement with Snohomish County (contract # HCD 07-42-0702-113) on September 26, 2007, for $625,113 for a term of 40 years, the loan is a deferred loan that requires no interest or principal payments for 40 years. After 40 years the loan will be forgiven if the Housing Authority has fully complied with the provisions of the agreement. The purpose of the loan was to reduce the amount of permanent financing required.

d. The Authority entered into a HOME loan agreement with Snohomish County (contract # HCD 08-42-0803-113) on June 27, 2008, for $1,000,000 for a term of 40 years. The loan is a deferred loan that requires no interest or principal payments for 40 years. After 40 years the loan will be forgiven if the Housing Authority has fully complied with the provisions of the agreement. The purpose of the loan was to reduce the amount of permanent financing required.

e. The Authority entered into a loan agreement with Snohomish County (contract # HCD 09-11-0903-113) on January 30, 2009, for $ 558,260 for a term of 40 years. The loan is a deferred loan that requires no interest or principal payments for 40 years. After 40 years the loan will be forgiven if the Housing Authority has fully complied with the provisions of the agreement. The purpose of the loan was to reduce the amount of permanent financing required.

(6) East Terrace III: The Housing Authority entered into two agreements to provide funding for the construction of 12 additional units of transitional housing, on property located in Mountlake Terrace, Washington, to be known as East Terrace III. To accomplish this goal, the loans were received to provide funding for the construction of the project. The loans are outlined below:

a. The Authority entered into a HOME loan agreement with Snohomish County (contract # HCD 07-42-0502-113) on April 30, 2007, for $ 750,000 for a term of 40 years. The loan is a deferred loan that requires no interest or principal payments for 40 years. After 40 years entire loan shall be forgiven provided that the Housing Authority has fully complied with the provisions of the HOME agreement and promissory note.

b. The Authority entered into a recoverable grant agreement with the Washington State Department of Community Development (contract # 06-94100-054) on January 1, 2008, in the amount of $1,150,000. This recoverable grant was received to provide a portion of the funds to construct 12 additional units of transitional housing. There is no expectation that the grant will be repaid, however if the terms and conditions of the grant agreement are not met, or if the property is sold, transferred, refinanced, or if the use changes over the 40 year term of the grant, the grant and a share of the appreciated value becomes due and payable to the State Housing Trust Fund.

(7) Olympic/Sound View: The Housing Authority entered into a loan agreement with Snohomish County in the amount of $772,500 to provide funding for the retirement of bridge financing used by the agency to acquire the property. The loan is a zero percent loan and is payable in full no later than December 31, 2048.

(8) Olympic/Sound View: The Housing Authority entered into a loan agreement with the State of Washington, Department of Community Trade and Economic Development in the amount of $2,000,000 to provide a portion of the funding for the acquisition and rehab of the apartment buildings located in Edmonds, Washington. The loan bears interest of 1% compounded quarterly, however no interest will begin to accrue until January 31, 2009. Payment on the loan shall be deferred until January 31, 2023. Quarterly payments in the amount of $25,000 shall begin on January 31, 2023. The full remaining principal balance and any accrued but unpaid interest shall be due and payable no later than December 31, 2048.

(9) Tall Firs: The Housing Authority entered into two agreements to provide funding for the transfer of Tall Firs Apartments from Senior Services of Snohomish County to the Housing Authority on June 18, 2015. The loans are outlined below:

a. The Housing Authority entered into a recoverable grant agreement with the Washington State Department of Commerce (contract # 13-94110-019), in the amount of $2,600,000. This recoverable grant was received to provide a portion of the funds to acquire the Tall Firs Apartments, a 40-unit apartment project located in Mountlake Terrace, and to provide additional funds to assist with the rehabilitation of the project. The recoverable grant is a 0% deferred loan with a 40-year term. There is no expectation that the recoverable grant will be repaid as long as the terms and conditions of the grant agreement are met.

   The recoverable grant is subject to repayment if the property is sold, transferred, refinanced, or the use changes over the 40-year term of the grant, the grant and a share of the appreciated value becomes due and payable to the State Housing Trust Fund. The outstanding balance as of June 30, 2017 is $1,727,457, after the tenth draw on this recoverable grant.

b. The Housing Authority entered into a 0% interest deferred loan with Snohomish County in June of 2015 (HCS-15-11-1403-113) using local AHTF funds in the amount of $1,500,000. The loan is a deferred loan that requires no interest or principal payments for 40 years. After 40 years entire loan shall be forgiven provided that the Housing Authority has fully complied with the provisions of the AHTF agreement and promissory note. The AHTF Agreement was amended on April 6, 2017 with an amended promissory note totaling $1,921,595. The 40-year forgivable terms are still in effect. The outstanding balance of this loan agreement is $1,921,595 as of June 30, 2017.

(10) Glenwood: The Housing Authority entered into three agreements to provide funding for the rehabilitation of 46 units of housing at the Glenwood Apartments in Lake Stevens, Washington. The loans are outlined below:

a. The Authority entered into a HOME loan agreement with Snohomish County in July of 2014 (contract # HCS-13-42-1302-113), for $ 536,754 for a term of 40 years. The loan is a deferred loan that requires no interest or principal payments for 40 years. After 40 years entire loan shall be forgiven provided that the Housing Authority has fully complied with the provisions of the HOME agreement and promissory note.

b. The Housing Authority entered into a 0% interest deferred loan with Snohomish County in July of 2014 (HCS-13-11-1303-113) using local AHTF funds in the amount of $323,246. The loan is a deferred loan that requires no interest or principal payments for 40 years. After 40 years the entire loan shall be forgiven provided that the Housing Authority has fully complied with the provisions of the AHTF agreement and promissory note. The outstanding balance of this loan agreement is $323,246 as of June 30, 2017.

c. The Authority entered into a 0% interest deferred Housing Trust Fund loan with the State of Washington Department of Commerce on August 22, 2016 (HTF contract # 15-94110-014), for $1,500,000 for a term of 40 years. The loan is a deferred loan that requires no interest or principal payments for 40 years. After 40 years the entire loan shall be forgiven provided that the Housing Authority has fully complied with the provisions of the HTF agreement and promissory note. The outstanding balance of this loan agreement is $954,867 as of June 30, 2017.

The Authority has not calculated an estimate of the annual requirements to amortize the loans payable outstanding as of June 30, 2017, because as previously described, the unique characteristics of the loans, such as deferral of principal and interest etc., effectively make these loans non-amortizing, and at the time they become due they will likely be forgiven.

NOTE 6 - DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES

GASB Statement 53, requires the fair value of derivatives to be determined and reported on the Authority's statement of net position. Changes in the fair value of the hedging derivative instruments will be accounted for using hedge accounting, which requires these changes to be reported on the statement of net position as deferred inflows or outflows as long as the hedge is effective. When the hedging derivative contract ends or the hedge is determined to no longer be effective, deferred amounts will be reported on the statement of revenues, expenses, and changes in net position.

The Authority has hedging instruments in place for two projects. One of the projects is owned outright by the Authority and the other project is one in which we provided the financing which utilized the hedging instrument. This project is reported as a component unit of the Authority. Under the terms of the loan and regulatory agreement the tax credit partnership is responsible for payment of those costs and the value of that hedging instrument will be reported with that project in the component unit column.

The effect this year of this accounting requirement is that the value of the hedging instruments is shown as a deferred outflow of resources as well as a deferred inflow of resources on the Statement of Net Position in the amount of $2,249,001. Because the hedging instruments were determined to be effective, and this accounting treatment was applied, there is no affect on the net position, or equity balances of the Housing Authority. The remaining disclosures provide additional required information about our hedging instruments.

Contracts: The Authority has two revenue bond issues that involved the issuance of variable rate revenue bonds that used interest rate swap agreements to synthetically fix the interest rates and our exposure to rate fluctuations. One of the swap agreements is for a Housing Authority project, while the second is for the Olympic and Sound View LLC, which is a component unit of the Authority. Under the terms of the loan agreement the Olympic and Sound View LLC is responsible for repaying the Authority for all the costs associated with this debt. This is a debt of the Authority but is offset by a corresponding receivable.

	Changes in Fair Value		Fair Value at June 30, 2017		Notional
Description	Classification	Amount	Classification	Amount	Amount
Housing Authority Bond Issue					
Cash Flow Hedge					
Pay Fixed interest rate swap	Deferred outflow	665,416	Debt	(1,541,183)	7,055,000
Component Unit Swap Obligation - Conduit Bond Issue					
Cash Flow Hedge					
Pay Fixed interest rate swap	Deferred outflow	384,044	Debt	(707,818)	5,055,000
		1,049,460		(2,249,001)	

Objectives of the Swap Agreements: As a means to lower the overall borrowing costs and increase its savings, when compared against fixed rate financing at the time the bonds were issued, the Authority entered into the interest rate swap agreements. The intention of the swaps was to hedge the cash flows of the variable rate debt, which was subject to changes of the interest rates, by synthetically fixing the interest rates using the interest rate swap agreements.

Terms, Fair Value, and Credit Risk: The terms, fair values, and credit ratings, of the outstanding swap agreements as of June 30, 2017 are described below.

Type	Objective	Notional Amount	Effective Date	Maturity Date	Terms	Counterparty Rating
Housing Authority Bond Issue						
Pay Fixed	Hedge of changes in cash	5,905,000	5/1/2004	12/1/2034	Pay weighted average	A2/A/A+
Interest Rate	flows on 2003 variable rate	1,150,000	5/1/2004	12/1/2034	of 3.98% receive 70%	
Receive Variable	Revenue and Refunding bonds	7,055,000			of LIBOR	
Component Unit Swap Obligation - Conduit Bond Issue						
Pay Fixed	Hedge of changes in cash				Pay fixed of	
Interest Rate	flows on 2007 variable	5,055,000	10/31/2007	11/1/2024	3.895% receive 70%	A2/A/A+
Receive Variable	rate Revenue bonds				of LIBOR	

Credit Risk: Is the risk that the counterparty will not fulfill its obligations under the contract. As of June 30, 2017 the negative fair values of the agreements may be countered by reductions in the total interest payments required under the variable rated bonds, creating lower synthetic rates. It is the Housing Authority's policy, that at the time of entering into any payment agreements, that the counterparty must carry a rating from at least two nationally recognized credit rating agencies as of the date of execution of the agreement, that is within the two highest long term investment grade rating categories, or that the counterparty must carry a rating from at least two nationally recognized credit rating agencies as of the date of execution of the agreement, that is within the three highest long term investment grade rating categories and that the payment obligations of the other party under the agreement are collateralized by direct obligations of, or obligations the principal and interest on which are guaranteed by, the United States government that are deposited with the governmental entity or an agent of the governmental entity and maintain a market value of not less than 102% of the net market value of the payment agreement to the Authority.

Basis Risk: The swaps expose the Authority to basis risk because the variable rate bonds are remarketed weekly. The Authority is exposed to basis risk because the pay fixed interest rate swap agreement that provides the hedge is based on 70% of the LIBOR interest rate which is a different reference rate. The basis risk is the risk that these rates will diverge over time.

Termination Risk: The Authority or its counterparties may terminate a derivative instrument if the other party fails to perform under the terms of the contract. If at the time of termination the swap has a negative fair value, the Authority would be liable to the counterparty for a payment equal to the swap's fair value.

Rollover Risk: Is incurred when the maturity date of the hedge instrument is less than the maturity date of the item being hedged, in this case the variable rate debt. When the interest rate swap matures the debt will no longer have the benefit of the hedged instrument.

Market Access Risk: The risk that the Authority will be unable to access the capital (credit) markets when necessary or that the costs to do so will be much more costly.

Swap Payments and Associated Debt: As rates vary, interest payments and net swap payments will also vary. As of June 30, 2017, debt service requirements of the variable rate debt and net swap payments, assuming current interest rates remain the same for the life of the bonds, were as follows:

FY	Principal	Interest	Total Prin and Int	Interest Rate Swap (net)	Total
2018	405,000	482,196	887,196	(31,165)	856,031
2019	430,000	466,297	896,297	(30,038)	866,259
2020	445,000	449,508	894,508	(28,857)	865,651
2021	470,000	432,029	902,029	(27,624)	874,404
2022	490,000	413,660	903,660	(26,331)	877,329
2023 - 2027	2,810,000	1,761,848	4,571,848	(110,108)	4,461,740
2028 - 2032	3,525,000	1,157,494	4,682,494	(67,664)	4,614,830
2033 - 2037	3,215,000	422,184	3,637,184	(17,570)	3,619,614
2038	360,000	20,722	380,722	-	380,722

NOTE 7 - COMPENSATED ABSENCES

Compensated absences are absences for which employees will be paid, such as vacation and sick leave. The total accumulated annual leave, including vacation and sick leave, is accrued as an expense and a corresponding liability. Employees earn annual leave at rates ranging from 15 days per year for the first year to 31 days per year for eighteen years or more. Forty (40) hours of leave can be accumulated each year and carried forward up to a maximum of 240 hours. Upon termination, employees will be paid for all unused annual leave up to a maximum of 240 hours. As of year-end the liability for accumulated leave was calculated at $383,982 based on the number of accumulated hours and employee rates of pay.

NOTE 8 - TAX CREDIT PARTNERSHIPS

As of June 30th, 2017, the Authority is the General Partner in two (2) partnerships to administer affordable housing with low income tax credits allocated by the Washington State Housing Finance Commission. The partnership is a separate legal entity that meets the requirement of GASB Statement 14 to be treated as part of the agency's reporting entity. The partnership meets the criteria of "imposition of will" and "financial benefit/burden", and therefore, meets the criteria of a component unit and is part of the reporting entity.

GASB Statement 14 recommends that financial statements of the component units be presented in the financial statements of the primary government by using the discrete presentation method. Because of the tax considerations the fiscal year end of the partnerships is the calendar year. No attempt has been made to eliminate duplicative information between the primary government and the component units.

Following is a brief description of each partnership:

Jackson House at Pacific Crest LLLP

The Authority is the general partner and .01% owner of the Jackson House at Pacific Crest Limited Liability Limited Partnership. The Partnership was formed in July of 2013 to acquire, rehabilitate, and operate the Jackson House at Pacific Crest Apartments LLLP, a 120-unit apartment complex located in Everett, Washington, now doing business as the Jackson House Apartments. The project is 99.99% owned by the Boston Capital Corporate Tax Credit Fund XXXVII.

The Partnership issued an FHA 223(f) bond to provide funds for the purchase. The outstanding balance of the FHA 223(f) bond as of December 31, 2016 is $7,350,347. The remaining financing was provided by the seller via a surplus cash promissory note. As of December 31, 2016 the principal amount due on the note is $3,968,635. The lease agreement is for 99 years and expires December 31, 2111.

Olympic and Sound View, LLC

The Authority is the managing member and .01% owner of the Olympic and Sound View, LLC. The limited liability company was formed in July 2007 to acquire, rehabilitate, and operate the Olympic View and Sound View Apartments, two multifamily apartment buildings that total 88 units, located in Edmonds, Washington. The project is 99.99% owned by Bank of America.

In order to finance the purchase, the Housing Authority issued variable rate revenue bonds in October of 2007, with principal amounts totaling $6,500,000. The Authority as managing member entered into an interest rate swap agreement to synthetically fix the interest rate at 3.895%. This is also discussed in Note 6. The proceeds of the bond issue were then loaned to the partnership pursuant to the terms of a Loan and Regulatory agreement, which requires the partnership to make all payments under the agreement and the Trust Indenture.

Upon completion of the project rehab the General Partner is entitled to a development fee for development services rendered in connection with the acquisition and rehabilitation. The managing member is entitled to a developer fee of $1,200,000 for development services rendered in connection with acquisition and rehabilitation of the project. The limited liability company issued a note to the managing member which bears interest at 8%. Payments on the note are to be made from excess project cash flow. As of December 31st, 2016 the principal amount due on the note is $600,000. The project expects to generate $4,038,701 in low-income tax credits. At the end of the tax credit compliance period, the Authority has an option to purchase the complex from the partnership.

Westend HASCO LLLP

The Authority is the managing member and 0.009% owner of the new limited liability limited partnership known as Westend HASCO LLLP. The project, a 133-unit apartment complex located in Marysville, Washington that was previously known as Westwood Crossing Apartments, is 99.99% owned by RBA-Westend LLC, the Investor Limited Partner. The Special Limited Partner, RBC Tax Credit Manager II, Inc owns a 0.001% interest. The project was constructed in 1985 and rehabilitated in 1997 and was in need of extensive rehabilitation. Immediately prior to the September 1, 2016 closing, the property was owned by HASCO-Westwood Crossing LLC, of which HASCO was the sole member. The Authority formed a new limited liability limited partnership known as Westend HASCO LLLP of which it is the general partner, to acquire, rehabilitate, own and operate the Project. The Project was transferred to the Authority and leased to the Partnership at the time of closing.

In order to finance the purchase, the Housing Authority issued revenue bonds on September 1, 2016 in the aggregate amount of $18,000,000. The proceeds of the bond issue were used to acquire a loan from JP Morgan Chase Bank to the Partnership consisting of a construction loan of up to $18,000,000 converting to a term loan in the principal amount of up to $8,250,000. The construction loan to the partnership is made up of a combination of the long-term debt as well as bridging the tax credit equity pay-in. The majority of the tax credit investor equity is anticipated to be contributed after the placed-in-service date, estimated to be in February 2018. Both the second and the final equity installments are projected to come in on November 1, 2018, enabling us to pay down the loan to the permanent level at that time. The project expects to generate $10,654,856 in low-income tax credits over the ten-year credit period. The Authority also initiated a defeasance of $4,025,000 in Westwood Crossing 2007 bonds on August 31, 2016, and the bonds were called on May 1, 2017.

Upon completion of the project rehab the General Partner is entitled to a development fee for development services rendered in connection with the acquisition and rehabilitation. The managing member is entitled to a developer fee of $3,350,000 for development services rendered in connection with acquisition and rehabilitation of the project. The limited liability company issued a note for $6,900,000 to the managing member which bears interest at 6%. Payments on the note are to be made from excess project cash flow. At the end of the tax credit compliance period, the Authority has an option to purchase the complex from the partnership.

Summary information for each partnership as of December 31, 2016 is outlined below. This information is summarized and presented in the same format as those audits are presented. No adjustments in the presentation formats were made to provide similarity with the Authority's financial statement presentation.

Condensed Balance Sheet	Westend Apts	Jackson House	Olympic & Sound View
Current Assets	354,719	845,522	525,370
Restricted Assets	-	25,557	-
Property, Buildings & Equipment (net)	16,057,417	15,207,121	9,236,493
Other Assets (net)	-	55,619	24,226
Total Assets	**16,412,136**	**16,133,819**	**9,786,089**
			-
Current Liabilities	692,537	796,475	258,129
Bonds Payables (net of discount)	8,376,477	7,039,711	5,016,485
Other Long Term Liabilities	7,055,250	5,032,635	4,078,098
Partner Equity	287,872	3,264,998	433,377
Total Liabilities and Equity	**16,412,136**	**16,133,819**	**9,786,089**

Condensed Income Statement			
Operating Revenues	424,437	1,229,221	1,097,647
Operating Expenses	(140,510)	(507,628)	(440,089)
Operating Income (Loss)	283,927	721,593	657,558
Interest Expense	(210,438)	(532,072)	(277,034)
Other Non-Operating Revenue	-	-	222,584
Depreciation/Amort. Expense	(189,408)	(694,058)	(417,088)
Other Non-Operating Expenses	(56,309)	(7,499)	(113,291)
Non-Operating Revenues & Expenses	(456,155)	(1,233,629)	(584,829)
Net Income (Loss)	**(172,228)**	**(512,036)**	**72,729**

Each partnership is audited annually with reports being issued to the partners. Informational tax returns are also filed annually with the Internal Revenue Service.

NOTE 9 - RISK MANAGEMENT

The 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 ninety two members in the states of Washington, Oregon, California and Nevada. Thirty-five of the eighty-seven members are Washington public housing authorities.

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.

General and Automobile Liability coverage's are written on an occurrence basis, without member deductibles. Errors & Omissions coverage (which includes Employment Practices Liability) is written on a claims made basis, and the members are responsible for 10% of the incurred costs of the claims. (Due to special underwriting circumstances, some members may be subject to a greater E&O co-payment.) The Property coverage offered by HARRP is on a replacement cost basis with deductibles ranging from $1,000 to $25,000. Fidelity coverage, with limits of $100,000 (with options up to $500,000) for employee dishonesty and forgery or alteration and $10,000 for theft are also provided with deductibles the same as for Property.

Coverage limits for General Liability, Errors & Omissions and Property are $2,000,000 per occurrence and $2,000,000 annual aggregate. (Some members have chosen greater property limits for higher valued properties.) Limits for Automobile Liability are $1,000,000/$1,000,000.

HARRP self-insures the full layer of coverage for liability lines, $2,000,000 per occurrence and $2,000,000 annual aggregate. There is no purchased reinsurance above this limit. For property, HARRP retains $2,000,000 and purchases $63,000,000 of reinsurance above this limit, in excess property coverage for a combined total of $65,000,000. The HARRP Board of Directors determines the limits and coverage terms, in its sole discretion. All prior losses have been covered by insurance. There have been no settlements in the past that have exceeded our insurance coverages.

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, 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 invests its funds that are not needed for its daily operations, in accordance with the strictest provisions of the laws of the states of Washington, Oregon, California and Nevada as they relate to investments of public funds. HARRP's Investment Policy is reviewed by staff and the HARRP Board on an annual basis.

HARRP's financial transactions are subject to annual audits by independent auditors. HARRP also subjects its claims management practices to an independent audit every three years. The HARRP Board of Directors provides general policy direction for staff. It is composed of the executive directors of nine of HARRP's members (three each from the Association of Washington Housing Authorities, the Oregon Association of Housing Authorities and the Northern California/Nevada Executive Directors Association). HARRP's Executive Director reports to the HARRP Board of Directors and directs the members of HARRP's staff in their day to day functions.

NOTE 10 – CONTINGENT LIABILITIES

The Housing Authority owns and operates three manufactured home parks which serve as an affordable housing option for residents of the County. To further enhance affordability of the manufactured homes, the Authority has worked with local lenders who provide 30-year mortgage financing to the homeowners. Thirty-year financing is typically not available to manufactured home purchasers, which makes these loans more affordable. Because the homeowners do not own the land, the Authority has provided guaranties to the lender to cure any loan deficiencies and resell the homes if a homeowner defaults on their mortgage. The Authority and the two lenders currently have agreed to 52 such loans which total $3,124,044. The Authority works with the lenders and monitors these loans for any delinquencies and works with homeowners and the lender to resolve issues that arise.

NOTE 11 – ALLIANCE FOR AFFORDABLE HOUSING

The Housing Authority entered into an Interlocal Cooperation Agreement for inter-jurisdictional coordination relating to affordable housing within Snohomish County along with the cities of Edmonds, Everett, Granite Falls, Lake Stevens, Lynnwood, Marysville, Mill Creek, Mountlake Terrace, Mukilteo, Stanwood and Snohomish, the town of Woodway, and Snohomish County, referred to as the Alliance for Housing Affordability (AHA). The Parties have a common goal to facilitate the availability of housing within Snohomish County and to provide a common foundation for housing policies and programs in Snohomish County. The purpose of the Agreement is to create a venue for the Parties to undertake planning, cooperation and education in support of the goal of enhancing the supply of affordable housing in Snohomish County. The original Agreement became effective in July, 2013 and was extended through June 30, 2017. It can be extended in two year increments prior to March 31st of the final year of each term.

At inception, the City of Mountlake Terrace was the Fiscal Agent and the Housing Authority was the Administrative Agent. After a unanimous vote of the AHA board on October 25, 2017, the Housing Authority became both the Fiscal Agent and Administrative Agent. The Authority will begin the duties of fiscal agent in fiscal year 2018. Funding for the Alliance's one full-time professional comes from contributions from each of the cities and the County. The Housing Authority committed to provide modest staffing and an administrative base to support the Alliance and is now contributing cash due to the end of the Gates Foundation grant funding as of June 30, 2015. Although the Authority is providing minimal staff support for the committee, the Alliance is not a Housing Authority project. The Housing Authority is reimbursed for its costs in providing the services required as Administrative Agent, which include providing qualified staffing for technical and administrative services.

Housing Authority of Snohomish County
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
For the year ended June 30, 2017
Last 10 Fiscal Years

PERS # 1	2016	2015	2014	2013
Housing Authority's proportion of the net pension liability (asset)	0.034191%	0.034213%	0.035012%	0.035353%
Housing Authority's proportionate share of the net pension liability (asset)	1,836,218	1,789,658	1,763,746	2,065,766
Housing Authority's covered-employee payroll	4,009,697	3,853,713	3,726,988	3,567,304
Housing Authority's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	45.79%	46.44%	47.32%	57.91%
Plan fiduciary net position as a percentage of the total pension liability	57.03%	59.10%	61.19%	

PERS # 2/3	2016	2015	2014	2013
Housing Authority's proportion of the net pension liability (asset)	0.042458%	0.042821%	0.042662%	0.041156%
Housing Authority's proportionate share of the net pension liability (asset)	2,137,727	1,530,019	862,353	1,757,367
Housing Authority's covered-employee payroll	3,954,246	3,799,587	3,634,592	3,403,287
Housing Authority's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	54.06%	40.27%	23.73%	51.64%
Plan fiduciary net position as a percentage of the total pension liability	85.82%	89.20%	93.29%	

Housing Authority of Snohomish County
SCHEDULE OF EMPLOYER CONTRIBUTIONS
As of June 30, 2017
Last 10 Fiscal Years

PERS # 1	2017	2016	2015	2014	2013
Contractually required contribution	199,556.76	193,893.66	157,244.92	154,975.30	91,685.53
Contributions in relation to the contractually required contribution	(199,556.76)	(193,893.66)	(157,244.92)	(154,975.30)	(91,685.53)
Contribution deficiency (excess}	-	-	-	-	-
Housing Authority's covered-employee payroll	4,113,056	4,009,697	3,853,713	3,726,988	3,567,304
Contributions as a percentage of covered-employee payroll	4.85%	4.84%	4.08%	4.16%	2.57%

PERS # 2/3	2017	2016	2015	2014	2013
Contractually required contribution	252,879.00	245,107.78	190,745.10	180,219.52	159,708.10
Contributions in relation to the contractually required contribution	(252,879.00)	(245,107.78)	(190,745.10)	(180,219.52)	(159,708.10)
Contribution deficiency (excess}	-	-	-	-	-
Housing Authority's covered-employee payroll	4,059,064	3,954,246	3,799,587	3,634,592	3,403,287
Contributions as a percentage of covered-employee payroll	6.23%	6.20%	5.02%	4.96%	4.69%

Notes to Required Supplementary Information
for the Year Ended June 30, 2017

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

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

Housing Authority of Snohomish County
Schedule of Expenditures of Federal Awards
For Fiscal Year Ending June 30, 2017

Federal Agency Name (Pass-Through Agency Name)	Federal Program Name	CFDA Number	Other Award Number	From Pass Thru Awards	Direct Fund Amount	Total Current Year Funds Expended	Passed Thru to Subrecipients	Debt Liability Balance	Note
Rural Housing Service, Department of Agriculture	Rural Rental Housing Loan	10.415	946873888		**304,701**		-	**4,690,157**	1, 2, 3
Rural Housing Service, Department of Agriculture	Rural Rental Assistance Payments	10.427	946873888		**1,051,935**	1,356,636	-		1, 2, 3
Department of Agriculture Subtotal				**0**	**1,356,636**	**1,356,636**	**-**	**4,690,157**	
Office of Community Planning and Development, Department of Housing and Urban Development (via Snohomish County)	Community Development Block Grants/Entitlement Grants	14.218	B-14-UC-530003	**10,344**		10,344	-		1, 2
Office of Public and Indian Housing, Department of Housing and Urban Development	Public and Indian Housing	14.850	WA039-00100115D		**360,904**	360,904	-		1, 2
Office of Public and Indian Housing, Department of Housing and Urban Development	Public and Indian Housing	14.850	WA039-00100116D		**230,223**	230,223	-		1, 2
Office of Public and Indian Housing, Department of Housing and Urban Development	Section 8 Housing Choice Vouchers	14.871	WA039VO0161		**39,213,819**	39,213,819	-		1, 2, 7
Housing and Urban Development Subtotal				**10,344**	**39,804,946**	**39,815,290**	**-**	**-**	
Totals				**10,344**	**41,161,582**	**41,171,926**	**-**	**4,690,157**	

The accompanying Notes To The Schedule of Expenditures of Federal Awards are an integral part of this schedule.

Housing Authority of Snohomish County
Notes to the Schedule of Expenditures of Federal Awards
For Fiscal Year Ending June 30, 2017

NOTE 1 - BASIS OF ACCOUNTING

The Schedule of Financial Assistance is prepared on the same basis of accounting as the Housing Authority of Snohomish County's financial statements. The Housing Authority of Snohomish County uses the accounting method prescribed by Generally Accepted Accounting Principles.

NOTE 2 - PROGRAM COSTS

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

NOTE 3 - FEDERAL LOANS

The Housing Authority of Snohomish County has several properties for which a portion of the financing is through the FmHA interest credit program. The loans themselves are reported on the financial statements as long term debt. The grant revenues and expenditures on this schedule are the calculated amounts of the interest credit subsidy.

NOTE 7 - INDIRECT COST RATE

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

Housing Authority of Snohomish County (WA039)
EVERETT, WA
Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit   Fiscal Year End: 06/30/2017

	Project Total	10.415 Rural Rental Housing Loans	10.427 Rural Rental Assistance Payments	14.218 Community Development Block Grants/Entitlement Grants	14.871 Housing Choice Vouchers	6.1 Component Unit - Discretely Presented	14.239 HOME Investment Partnerships Program	1 Business Activities	14.182 N/C S/R Section 8 Programs	COCC	Subtotal	ELIM	Total
111 Cash - Unrestricted	$0		$2,365,403	$0	$788,457	$1,511,957	$95,832	$18,500,194			$23,261,843		$23,261,843
112 Cash - Restricted - Modernization and Development													
113 Cash - Other Restricted					$18,514	$25,557		$890,462			$934,533		$934,533
114 Cash - Tenant Security Deposits			$62,389			$121,641		$462,596			$646,626		$646,626
115 Cash - Restricted for Payment of Current Liabilities													
100 Total Cash	$0	$0	$2,427,792	$0	$806,971	$1,659,155	$95,832	$19,853,252	$0	$0	$24,843,002	$0	$24,843,002
121 Accounts Receivable - PHA Projects	$0				$4,281						$4,281		$4,281
122 Accounts Receivable - HUD Other Projects					$225,000						$225,000		$225,000
124 Accounts Receivable - Other Government			$75,497		$510						$76,007		$76,007
125 Accounts Receivable - Miscellaneous			$69,254	$3,551				$548,763			$621,568		$621,568
126 Accounts Receivable - Tenants			$11,228		$3,273	$25,742		$94,094			$134,337		$134,337
126.1 Allowance for Doubtful Accounts -Tenants			($3,971)		($1,612)	$0		($46,627)			($52,210)		($52,210)
126.2 Allowance for Doubtful Accounts - Other			$0	$0	$0			$0			$0		$0
127 Notes, Loans, & Mortgages Receivable - Current							$2,167	$331,857			$334,024		$334,024
128 Fraud Recovery													
128.1 Allowance for Doubtful Accounts - Fraud													
129 Accrued Interest Receivable			$2,784					$13,530			$16,314		$16,314
120 Total Receivables, Net of Allowances for Doubtful Accounts	$0	$0	$154,792	$3,551	$231,452	$25,742	$2,167	$941,617	$0	$0	$1,359,321	$0	$1,359,321
131 Investments - Unrestricted			$488,142					$4,247,931			$4,736,073		$4,736,073
132 Investments - Restricted													
135 Investments - Restricted for Payment of Current Liability													
142 Prepaid Expenses and Other Assets			$13,843		$22,635	$66,271		$141,340			$244,089		$244,089
143 Inventories													
143.1 Allowance for Obsolete Inventories													
144 Inter Program Due From													
145 Assets Held for Sale													
150 Total Current Assets	$0	$0	$3,084,569	$3,551	$1,061,058	$1,751,168	$97,999	$25,184,140	$0	$0	$31,182,485	$0	$31,182,485
161 Land	$0		$3,271,357			$2,074,667		$21,849,202			$27,195,226		$27,195,226
162 Buildings			$8,711,315			$42,027,990		$74,845,356			$125,584,661		$125,584,661
163 Furniture, Equipment & Machinery - Dwellings			$6,991			$899,427		$1,117,213			$2,023,631		$2,023,631
164 Furniture, Equipment & Machinery - Administration			$61,179					$1,159,078			$1,220,257		$1,220,257
165 Leasehold Improvements			$603,675					$8,285,971			$8,889,646		$8,889,646
166 Accumulated Depreciation			($4,180,944)			($6,212,402)		($35,598,960)			($45,992,306)		($45,992,306)
167 Construction in Progress			$1,192,837			$1,711,349		$151,715			$3,055,901		$3,055,901
168 Infrastructure								$1,225,000			$1,225,000		$1,225,000
160 Total Capital Assets, Net of Accumulated Depreciation	$0	$0	$9,666,410	$0	$0	$40,501,031	$0	$73,034,575	$0	$0	$123,202,016	$0	$123,202,016
171 Notes, Loans and Mortgages Receivable - Non-Current							$532,339	$8,210,766			$8,743,105		$8,743,105
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due													
173 Grants Receivable - Non Current													
174 Other Assets						$79,845					$79,845		$79,845
176 Investments in Joint Ventures								$20,717,523			$20,717,523		$20,717,523
180 Total Non-Current Assets	$0	$0	$9,666,410	$0	$0	$40,580,876	$532,339	$101,962,864	$0	$0	$152,742,489	$0	$152,742,489
200 Deferred Outflow of Resources					$192,917			$2,954,031			$3,146,948		$3,146,948
290 Total Assets and Deferred Outflow of Resources	$0	$0	$12,750,979	$3,551	$1,253,975	$42,332,044	$630,338	$130,101,035	$0	$0	$187,071,922	$0	$187,071,922

Housing Authority of Snohomish County (WA039)
EVERETT, WA
Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit Fiscal Year End: 06/30/2017

	Project Total	10.415 Rural Rental Housing Loans	10.427 Rural Rental Assistance Payments	14.218 Community Development Block Grants/Entitlement Grants	14.871 Housing Choice Vouchers	6.1 Component Unit - Discretely Presented	14.239 HOME Investment Partnerships Program	1 Business Activities	14.182 N/C S/R Section 8 Programs	COCC	Subtotal	ELIM	Total
311 Bank Overdraft	$0										$0		$0
312 Accounts Payable <= 90 Days			$97,038		$9,499	$8,544		$452,031			$567,112		$567,112
313 Accounts Payable >90 Days Past Due													
321 Accrued Wage/Payroll Taxes Payable								$59,630			$59,630		$59,630
322 Accrued Compensated Absences - Current Portion			$32,868	$796	$46,743			$197,809			$278,216		$278,216
324 Accrued Contingency Liability													
325 Accrued Interest Payable						$1,119,543		$129,707			$1,249,250		$1,249,250
331 Accounts Payable - HUD PHA Programs													
332 Account Payable - PHA Projects													
333 Accounts Payable - Other Government													
341 Tenant Security Deposits			$62,137			$121,641		$463,431			$647,209		$647,209
342 Unearned Revenue			$150		$7,604	$17,963		$20,883			$46,600		$46,600
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue			$330,079			$900,458		$2,199,231			$3,429,768		$3,429,768
344 Current Portion of Long-term Debt - Operating Borrowings													
345 Other Current Liabilities								$61,280			$61,280		$61,280
346 Accrued Liabilities - Other				$2,850				$30,523			$33,373		$33,373
347 Inter Program - Due To													
348 Loan Liability - Current			$0					$0			$0		$0
310 Total Current Liabilities	$0	$0	$522,272	$3,646	$63,846	$2,168,149	$0	$3,614,525	$0	$0	$6,372,438	$0	$6,372,438
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue			$10,557,026			$32,691,948		$65,550,920			$108,799,894		$108,799,894
352 Long-term Debt, Net of Current - Operating Borrowings	$0										$0		$0
353 Non-current Liabilities - Other						$2,758,288	$534,506	$5,732,976			$9,025,770		$9,025,770
354 Accrued Compensated Absences - Non Current			$12,554		$20,439			$72,772			$105,765		$105,765
355 Loan Liability - Non Current						$727,412					$727,412		$727,412
356 FASB 5 Liabilities													
357 Accrued Pension and OPEB Liabilities					$279,109			$3,694,836			$3,973,945		$3,973,945
350 Total Non-Current Liabilities	$0	$0	$10,569,580	$0	$299,548	$36,177,648	$534,506	$75,051,504	$0	$0	$122,632,786	$0	$122,632,786
300 Total Liabilities	$0	$0	$11,091,852	$3,646	$363,394	$38,345,797	$534,506	$78,666,029	$0	$0	$129,005,224	$0	$129,005,224
400 Deferred Inflow of Resources					$37,828			$2,287,742			$2,325,570		$2,325,570
508.4 Net Investment in Capital Assets			$0			$7,535,723		$28,745,687			$36,281,410		$36,281,410
511.4 Restricted Net Position					$18,514	$25,557		$1,207,081			$1,251,152		$1,251,152
512.4 Unrestricted Net Position	$0	$0	$1,659,127	($95)	$834,239	($3,575,033)	$95,832	$19,194,496	$0	$0	$18,208,566		$18,208,566
513 Total Equity - Net Assets / Position	$0	$0	$1,659,127	($95)	$852,753	$3,986,247	$95,832	$49,147,264	$0	$0	$55,741,128	$0	$55,741,128
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	$0	$0	$12,750,979	$3,551	$1,253,975	$42,332,044	$630,338	$130,101,035	$0	$0	$187,071,922	$0	$187,071,922

Housing Authority of Snohomish County (WA039)
EVERETT, WA
Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit   Fiscal Year End: 06/30/2017

	Project Total	10.415 Rural Rental Housing Loans	10.427 Rural Rental Assistance Payments	14.218 Community Development Block Grants/Entitlement Grants	14.871 Housing Choice Vouchers	6.1 Component Unit - Discretely Presented	14.239 HOME Investment Partnerships Program	1 Business Activities	14.182 N/C S/R Section 8 Programs	COCC	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue			$1,226,641			$2,607,538		$17,329,702			$21,163,881		$21,163,881
70400 Tenant Revenue - Other			$36,207			$110,000		$716,033			$862,240		$862,240
70500 Total Tenant Revenue	$0	$0	$1,262,848	$0	$0	$2,717,538	$0	$18,045,735	$0	$0	$22,026,121	$0	$22,026,121
70600 HUD PHA Operating Grants				$10,344	$39,438,819			$591,127			$40,040,290		$40,040,290
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										$0	$0	$0	$0
70800 Other Government Grants		$304,701	$1,051,935								$1,356,636		$1,356,636
71100 Investment Income - Unrestricted			$10,610	$73	$2,993	$969	$283	$392,918			$407,846		$407,846
71200 Mortgage Interest Income								$13,458			$13,458		$13,458
71300 Proceeds from Disposition of Assets Held for Sale													
71310 Cost of Sale of Assets													
71400 Fraud Recovery					$36,022						$36,022		$36,022
71500 Other Revenue				$417,379	$1,311,838	$256,351	$2,000	$2,996,600			$4,984,168	-$2,123,178	$2,860,990
71600 Gain or Loss on Sale of Capital Assets			-$2,653					$12,376,787			$12,374,134		$12,374,134
72000 Investment Income - Restricted			$6,458		$106			$31,990			$38,554		$38,554
70000 Total Revenue	$0	$304,701	$2,329,198	$427,796	$40,789,778	$2,974,858	$2,283	$34,448,615	$0	$0	$81,277,229	-$2,123,178	$79,154,051
91100 Administrative Salaries			$255,941	$8,104	$1,013,657			$2,353,390			$3,631,092		$3,631,092
91200 Auditing Fees			$8,321		$20,004			$27,976			$56,301		$56,301
91300 Management Fee			$134,964		$605,725	$103,503		$931,140			$1,775,332	-$1,147,450	$627,882
91310 Book-keeping Fee			$26,216		$318,105			$106,825			$451,146	-$451,146	$0
91400 Advertising and Marketing			$1,226		$893			$83,507			$85,626		$85,626
91500 Employee Benefit contributions - Administrative			$95,053	$1,297	$341,131			$662,131			$1,099,612		$1,099,612
91600 Office Expenses			$87,352	$387	$364,360	$164,245		$718,106			$1,334,450		$1,334,450
91700 Legal Expense			$1,979	$810	$53,199			$47,741			$103,729		$103,729
91800 Travel			$1,564	$53	$914			$37,027			$39,558		$39,558
91810 Allocated Overhead													
91900 Other			$2,526		$182,560			$25,095			$210,181	-$182,560	$27,621
91000 Total Operating - Administrative	$0	$0	$615,142	$10,651	$2,900,548	$267,748	$0	$4,992,938	$0	$0	$8,787,027	-$1,781,156	$7,005,871
92000 Asset Management Fee			$34,950					$307,072			$342,022	-$342,022	$0
92100 Tenant Services - Salaries			$24,392		$10,101			$76,508			$111,001		$111,001
92200 Relocation Costs													
92300 Employee Benefit Contributions - Tenant Services			$8,237		$3,518			$26,164			$37,919		$37,919
92400 Tenant Services - Other			$12,652		$1,049			$85,137			$98,838		$98,838
92500 Total Tenant Services	$0	$0	$45,281	$0	$14,668	$0	$0	$187,809	$0	$0	$247,758	$0	$247,758
93100 Water			$69,959			$42,071		$400,810			$512,840		$512,840
93200 Electricity			$65,166		$632	$43,542		$182,649			$291,989		$291,989
93300 Gas			$41		$183	$9,753		$21,894			$31,871		$31,871
93400 Fuel													
93500 Labor													
93600 Sewer			$210,301					$901,922			$1,112,223		$1,112,223
93700 Employee Benefit Contributions - Utilities													
93800 Other Utilities Expense			$25,642			$113,364		$18,064			$157,070		$157,070
93000 Total Utilities	$0	$0	$371,109	$0	$815	$208,730	$0	$1,525,339	$0	$0	$2,105,993	$0	$2,105,993
94100 Ordinary Maintenance and Operations - Labor			$174,956			$247,897		$821,654			$1,244,507		$1,244,507
94200 Ordinary Maintenance and Operations - Materials and Other			$50,926			$65,672		$87,223			$203,821		$203,821
94300 Ordinary Maintenance and Operations Contracts			$168,122			$181,115		$1,150,530			$1,499,767		$1,499,767
94500 Employee Benefit Contributions - Ordinary Maintenance			$65,133					$930,191			$995,324		$995,324
94000 Total Maintenance	$0	$0	$459,137	$0	$0	$494,684	$0	$2,989,598	$0	$0	$3,943,419	$0	$3,943,419
95100 Protective Services - Labor													
95200 Protective Services - Other Contract Costs								$184,425			$184,425		$184,425
95300 Protective Services - Other													
95500 Employee Benefit Contributions - Protective Services													
95000 Total Protective Services	$0	$0	$0	$0	$0	$0	$0	$184,425	$0	$0	$184,425	$0	$184,425
96110 Property Insurance			$35,180					$205,663			$240,843		$240,843
96120 Liability Insurance			$7,833		$41,655			$55,048			$104,536		$104,536
96130 Workmen's Compensation			$11,532	$52	$4,735			$89,636			$105,955		$105,955
96140 All Other Insurance			$10,693		$4,471	$87,052		$129,242			$231,458		$231,458
96100 Total insurance Premiums	$0	$0	$65,238	$52	$50,861	$87,052	$0	$479,589	$0	$0	$682,792	$0	$682,792

Housing Authority of Snohomish County (WA039)
EVERETT, WA
Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit Fiscal Year End: 06/30/2017

	Project Total	10.415 Rural Rental Housing Loans	10.427 Rural Rental Assistance Payments	14.218 Community Development Block Grants/Entitlement Grants	14.871 Housing Choice Vouchers	6.1 Component Unit - Discretely Presented	14.239 HOME Investment Partnerships Program	1 Business Activities	14.182 N/C S/R Section 8 Programs	COCC	Subtotal	ELIM	Total
96200 Other General Expenses					$90,909	$191,019		$715,701			$997,629		$997,629
96210 Compensated Absences													
96300 Payments in Lieu of Taxes						$992					$992		$992
96400 Bad debt - Tenant Rents			$4,051		$5,576			$97,682			$107,309		$107,309
96500 Bad debt - Mortgages													
96600 Bad debt - Other													
96800 Severance Expense													
96000 Total Other General Expenses	$0	$0	$4,051	$0	$96,485	$192,011	$0	$813,383	$0	$0	$1,105,930	$0	$1,105,930
96710 Interest of Mortgage (or Bonds) Payable		$304,701	$60,174			$1,034,645		$118,541			$1,518,061		$1,518,061
96720 Interest on Notes Payable (Short and Long Term)			$102,315					$1,822,644	$489		$1,925,448		$1,925,448
96730 Amortization of Bond Issue Costs													
96700 Total Interest Expense and Amortization Cost	$0	$304,701	$162,489	$0	$0	$1,034,645	$0	$1,941,185	$489	$0	$3,443,509	$0	$3,443,509
96900 Total Operating Expenses	$0	$304,701	$1,757,397	$10,703	$3,063,377	$2,284,870	$0	$13,421,338	$489	$0	$20,842,875	-$2,123,178	$18,719,697
97000 Excess of Operating Revenue over Operating Expenses	$0	$0	$571,801	$417,093	$37,726,401	$689,988	$2,283	$21,027,277	-$489	$0	$60,434,354	$0	$60,434,354
97100 Extraordinary Maintenance			$199,311					$2,420,724			$2,620,035		$2,620,035
97200 Casualty Losses - Non-capitalized													
97300 Housing Assistance Payments					$36,425,607						$36,425,607		$36,425,607
97350 HAP Portability-In					$1,247,373						$1,247,373		$1,247,373
97400 Depreciation Expense			$226,172			$1,300,554		$2,048,921			$3,575,647		$3,575,647
97500 Fraud Losses													
97600 Capital Outlays - Governmental Funds													
97700 Debt Principal Payment - Governmental Funds													
97800 Dwelling Units Rent Expense								$110,000			$110,000		$110,000
90000 Total Expenses	$0	$304,701	$2,182,880	$10,703	$40,736,357	$3,585,424	$0	$18,000,983	$489	$0	$64,821,537	-$2,123,178	$62,698,359
10010 Operating Transfer In													
10020 Operating transfer Out													
10030 Operating Transfers from/to Primary Government													
10040 Operating Transfers from/to Component Unit													
10050 Proceeds from Notes, Loans and Bonds													
10060 Proceeds from Property Sales													
10070 Extraordinary Items, Net Gain/Loss													
10080 Special Items (Net Gain/Loss)													
10091 Inter Project Excess Cash Transfer In													
10092 Inter Project Excess Cash Transfer Out													
10093 Transfers between Program and Project - In													
10094 Transfers between Project and Program - Out													
10100 Total Other financing Sources (Uses)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	$0	$0	$146,318	$417,093	$53,421	-$610,566	$2,283	$16,447,632	-$489	$0	$16,455,692	$0	$16,455,692
11020 Required Annual Debt Principal Payments	$0	$0	$312,979	$0	$0	$504,748	$0	$5,932,497	$0	$0	$6,750,224		$6,750,224
11030 Beginning Equity	$0	$0	$1,443,971	$71,021	$799,332	$4,136,713	$95,549	$35,374,045	$489	-$2,481,375	$39,439,745		$39,439,745
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	$0		$68,838	-$488,209		$460,100	-$2,000	-$2,674,413		$2,481,375	-$154,309		-$154,309
11050 Changes in Compensated Absence Balance													
11060 Changes in Contingent Liability Balance													
11070 Changes in Unrecognized Pension Transition Liability													
11080 Changes in Special Term/Severance Benefits Liability													
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents													
11100 Changes in Allowance for Doubtful Accounts - Other													
11170 Administrative Fee Equity					$834,239						$834,239		$834,239
11180 Housing Assistance Payments Equity					$18,514						$18,514		$18,514
11190 Unit Months Available	0		3501		44248	4092		26017			77858		77858
11210 Number of Unit Months Leased	0		3494		42438	3998		25534			75464		75464
11270 Excess Cash	$0										$0		$0
11610 Land Purchases	$0									$0	$0		$0
11620 Building Purchases	$0									$0	$0		$0
11630 Furniture & Equipment - Dwelling Purchases	$0									$0	$0		$0
11640 Furniture & Equipment - Administrative Purchases	$0									$0	$0		$0
11650 Leasehold Improvements Purchases	$0									$0	$0		$0
11660 Infrastructure Purchases	$0									$0	$0		$0
13510 CFFP Debt Service Payments	$0									$0	$0		$0
13901 Replacement Housing Factor Funds	$0									$0	$0		$0

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.

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