



Office of the Washington State Auditor
Pat McCarthy

**Financial Statements and Federal Single Audit
Report**

**Housing Authority of the City of
Tacoma**

For the period January 1, 2017 through December 31, 2017

Published September 24, 2018

Report No. 1022192





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

September 24, 2018

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

Report on Financial Statements and Federal Single Audit

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

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

Sincerely,

Pat McCarthy
State Auditor
Olympia, WA

TABLE OF CONTENTS

Schedule of Findings and Questioned Costs.....	4
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.....	6
Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance in Accordance With the Uniform Guidance	9
Independent Auditor's Report on Financial Statements.....	12
Financial Section.....	16
About the State Auditor's Office.....	100

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Housing Authority of the City of Tacoma January 1, 2017 through December 31, 2017

SECTION I – SUMMARY OF AUDITOR’S RESULTS

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

Financial Statements

We issued an unmodified opinion on the fair presentation of the 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 program.

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

Identification of Major Federal Programs:

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

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

The dollar threshold used to distinguish between Type A and Type B programs, as prescribed by the Uniform Guidance, was \$1,657,372.

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

SECTION II – FINANCIAL STATEMENT FINDINGS

None reported.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.

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

**Housing Authority of the City of Tacoma
January 1, 2017 through December 31, 2017**

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the business-type activities and the aggregate discretely presented component units of the Housing Authority of the City of Tacoma, Washington, as of and for the year ended December 31, 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 September 12, 2018.

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

INTERNAL CONTROL OVER FINANCIAL REPORTING

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

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

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

COMPLIANCE AND OTHER MATTERS

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

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

PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the

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

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Pat McCarthy
State Auditor
Olympia, WA

September 12, 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 the City of Tacoma
January 1, 2017 through December 31, 2017**

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

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

We have audited the compliance of the Housing Authority of the City of Tacoma, Washington, with the types of compliance requirements described in the U.S. *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the Housing Authority's major federal programs for the year ended December 31, 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 December 31, 2017.

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

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

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

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

Purpose of this Report

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

A handwritten signature in black ink that reads "Pat McCarthy". The signature is written in a cursive, flowing style.

Pat McCarthy

State Auditor

Olympia, WA

September 12, 2018

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

Housing Authority of the City of Tacoma January 1, 2017 through December 31, 2017

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

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the business-type activities and the aggregate discretely presented component units of the Housing Authority of the City of Tacoma, Washington, as of and for the year ended December 31, 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 Hillside Terrace Phase I LP, Hillside Terrace Phase II LP, Hillside Terrace 1500 LP, Salishan One LLC, Salishan Two, LLC, Salishan Three LLC, Salishan Four LLC, Salishan Five LLC, Salishan Six LLC, 2500 Yakima LLLP, 2500 Court G, LLLP, and Renew Tacoma LLLP (the partnerships) which represent 100% of the assets, net position, and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the partnerships, is based solely on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the partnerships were not audited in accordance with *Government Auditing Standards*.

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

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

Opinion

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component units of the Housing Authority of the City of Tacoma, as of December 31, 2017, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

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

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated September 12, 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.

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Pat McCarthy

State Auditor

Olympia, WA

September 12, 2018

FINANCIAL SECTION

Housing Authority of the City of Tacoma January 1, 2017 through December 31, 2017

REQUIRED SUPPLEMENTARY INFORMATION

Management's Discussion and Analysis – 2017

BASIC FINANCIAL STATEMENTS

Statement of Net Position – 2017

Statement of Revenues, Expenses and Changes in Net Position – 2017

Statement of Cash Flows – 2017

Notes to Financial Statements – 2017

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Proportionate Share of Net Pension Liability – PERS Plan 1 – 2017

Schedule of Proportionate Share of Net Pension Liability – PERS Plan 2/3 – 2017

Schedule of Employer Contributions – PERS Plan 1 – 2017

Schedule of Employer Contributions – PERS Plan 2/3 – 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

Actual Modernization Cost Certificate, form HUD-53001 – 2017

HOUSING AUTHORITY OF THE CITY OF TACOMA
Management's Discussion and Analysis
December 31, 2017

The Housing Authority of the City of Tacoma (Housing Authority) is pleased to offer readers of the Housing Authority's financial statements this narrative overview and analysis of the financial activities of the Housing Authority for the year ended December 31, 2017. This Management's Discussion and Analysis (MD&A) should be read in conjunction with the Housing Authority's financial statements and the notes to the financial statements which follow.

The Housing Authority administers a broad range of federally and locally financed housing programs within the limits of the City of Tacoma. The Housing Authority owns or manages 1,490 units of housing and provides rental subsidies to about 4,000 additional households. The Housing Authority serves approximately 12,000 persons or about six percent of the City's residents. The majority of the Housing Authority's program participants have incomes below 30% of the area median income. Most of the people receiving assistance from the Housing Authority are elderly, disabled or minor children.

The financial performance discussed in the following analyses does not include tax credit partnerships. The tax credit partnerships, with 20 properties and 1,202 units, are owned by separate limited partnerships/corporations with the Housing Authority in the role of general partner/managing member. These separate legal entities are not included in the books of the Housing Authority but are listed as component units in the Housing Authority's financial statements and are detailed in portions of the notes to the financial statements (Notes 1, 3, 4, 8, 11 and 12). With those exceptions, neither these units, nor their financial data, are included in the analyses and financial statements and notes to the financial statements that follow.

Financial Highlights

- The assets and deferred outflows of the Housing Authority exceeded its liabilities and deferred inflows at the close of the fiscal year by \$125.92 million (net position). Of this amount \$27.66 million is invested in capital assets, net of related debt (net investment in capital assets); \$12.51 million is restricted to meet externally imposed obligations (restricted net position); and \$85.75 million (unrestricted net position) is available to meet ongoing obligations to residents and creditors.
- The Housing Authority's net position increased by \$5.37 million (4.5%) compared to the prior year, indicating the Housing Authority's overall financial position has improved.
- The Housing Authority's total cash balances decreased from the previous fiscal year by \$4.82 million (19.1%), primarily due to the purchase of the 72-unit Highland Crest Apartments. The Housing Authority's cash balance was \$20.38 million at the end of the fiscal year and of this amount, \$12.86 million was restricted.
- Notes Receivable from Component Units rose by \$22.41 million (21.2%) mostly due to the increase of the construction loan to the Renew Tacoma Housing LLLP and an increase in related developer fees receivable.
- Total current liabilities grew by \$40.63 million (926.2%) primarily due to the construction loan passed through to Renew Tacoma Housing LLLP, which is expected to be paid off in 2018 from equity contributions of the limited partner.

- Total noncurrent liabilities decreased by \$11.84 million (17.9%) chiefly due to two offsetting factors: 1) the decrease in the noncurrent construction loan for the Renew Tacoma Housing LLLP as it becomes due within one year, and 2) the issuance of new debt to finance the acquisition of the Highland Crest Apartments and the James Center North property.
- Operating revenues shrank by \$1.81 million (12.9%) in comparison to the prior year principally due to a decrease in developer fees earned by the Housing Authority.
- Operating expenses rose by \$2.45 million (4.7%) compared to the prior year mostly due to increases in Housing Assistance Payments. The Housing Authority's Housing Assistance Payments have increased due to two factors: 1) Increase in average apartment rents in the Tacoma area, and 2) Use of Housing Assistance Payments for the 456 units of the Renew Tacoma Housing LLLP converted from public housing during 2016 and 2017 under the Rental Assistance Demonstration (RAD) program.
- Operating expenses were \$54.01 million, which includes \$34.18 million (or 63.3% of operating expenses) in Housing Assistance Payments made to landlords.

Overview of the Financial Statements

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

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

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

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

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

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

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

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

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

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

Condensed Government-wide Statements and Analysis of Overall Financial Position

The following table¹ summarizes the Statement of Net Position as of December 31, 2017 and 2016 for the Housing Authority.

CONDENSED STATEMENT OF NET POSITION		
	<u>FY 2017</u>	<u>FY 2016</u>
Assets		
Current and Other Assets	\$ 165,598,011	\$ 146,658,219
Capital Assets	59,618,826	45,909,414
Total Assets	<u>225,216,837</u>	<u>192,567,633</u>
Deferred Outflows of Resources		
Deferred Outflows Related to Pensions	1,058,673	1,327,307
Total Deferred Outflows of Resources	<u>1,058,673</u>	<u>1,327,307</u>
Liabilities		
Current Liabilities	45,020,714	4,387,275
Noncurrent Liabilities	54,354,741	66,195,474
Total Liabilities	<u>99,375,455</u>	<u>70,582,749</u>
Deferred Inflows of Resources		
Deferred Inflows Related to Pensions	983,453	171,254
Deferred Inflows Related to HUD Grants	-	2,598,495
Total Deferred Inflows of Resources	<u>983,453</u>	<u>2,769,749</u>
Net Position		
Net Investment in Capital Assets	27,657,771	26,711,196
Restricted	12,507,495	9,539,030
Unrestricted	85,751,336	84,292,216
Total Net Position	<u><u>\$ 125,916,602</u></u>	<u><u>\$ 120,542,442</u></u>

The Housing Authority's overall financial position strengthened during the fiscal year. Total net position increased by \$5.37 million (4.5%), primarily due to the earning of developer fees for the Renew Tacoma Housing LLLP rehabilitation and the 2500 Court G LLLP (dba Bay Terrace II) development.

Current and Other Assets swelled by \$18.94 million (12.9%) during the fiscal year chiefly due to a \$25.41 million (21.3%) increase in receivables from Component Units offset by a \$4.82 million (19.1%) decrease in cash. The increase in receivables from Component Units was mainly attributable to the completion of the rehabilitation of Renew Tacoma Housing LLLP financed with a construction loan issued by the Housing Authority and passed through to the Component Unit. The decrease in cash was the result of the new property purchase mentioned above (Highland Crest Apartments).

Capital Assets grew by \$13.71 million (29.9%) largely due to the purchase of Highland Crest Apartments and James Center North, a commercial site intended to be used for future development of affordable housing units.

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

Current liabilities rose by \$40.63 million (926.2%) and noncurrent liabilities decreased by \$11.84 million (17.9%) predominantly due to the construction loan passed through to Renew Tacoma Housing LLLP becoming due by the end of 2018.

Current assets exceeded current liabilities by \$26.11 million for a current ratio of 1.58, which is a slight deterioration from the prior year current ratio of 6.79 and largely the result of the aforementioned increase in current liabilities. The current ratio is a measure of the ability to pay debts as they become due and generally, a current ratio of 1 or less suggests that obligations may not be paid when they are due.

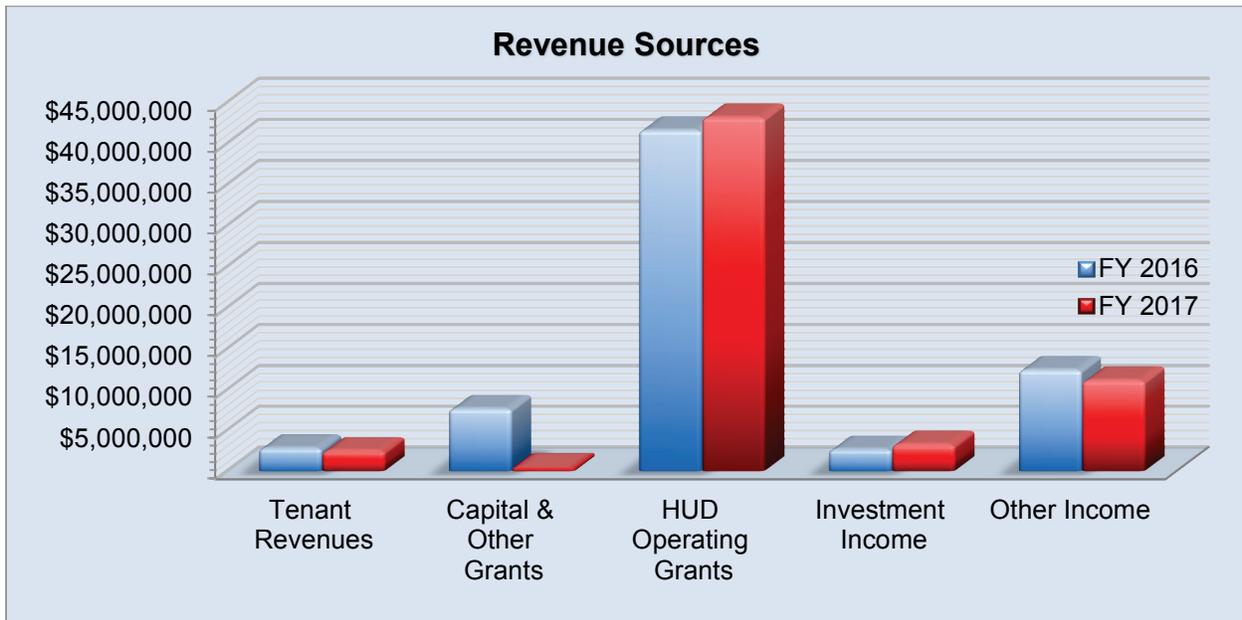
The following table² summarizes the changes in net position for FY 2017 and FY 2016 for the Housing Authority.

CONDENSED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION		
	<u>FY 2017</u>	<u>FY 2016</u>
Revenues		
Operating Revenue		
Tenant Revenue	\$ 2,509,653	\$ 2,838,123
Other Revenue	9,756,932	11,238,341
Non-Operating Revenue		
Operating Grants	43,619,504	42,009,323
Gain on Sale of Capital Assets	1,423,569	1,232,818
Investment Income	3,285,557	2,686,717
Total Revenue	<u>60,595,215</u>	<u>60,005,322</u>
Expenses		
Operating Expenses		
Administrative	11,520,103	10,975,384
Tenant Services	1,480,717	1,332,564
Utilities	338,617	536,411
Maintenance & Operations	2,075,626	2,050,019
Housing Assistance Payments	34,176,603	32,224,595
Other Operating Expenses	2,082,476	1,797,736
Depreciation and Amortization	2,332,535	2,641,933
Non-Operating Expenses		
Distributions to Other Governments	991,782	1,003,720
Distributions to Component Units	-	13,535
Interest	222,596	123,230
Total Expenses	<u>55,221,055</u>	<u>52,699,127</u>
Income (Loss) Before Contributions and Special Item	<u>5,374,160</u>	<u>7,306,195</u>
Capital Grants and Contributions	-	7,348,280
Special Item	-	18,359,370
Change in Net Position	<u>5,374,160</u>	<u>33,013,845</u>
Change in Reporting Entity	-	1,070,478
Net Position - Beginning of Year	<u>120,542,442</u>	<u>86,458,119</u>
Net Position - End of Year	<u>\$ 125,916,602</u>	<u>\$ 120,542,442</u>

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

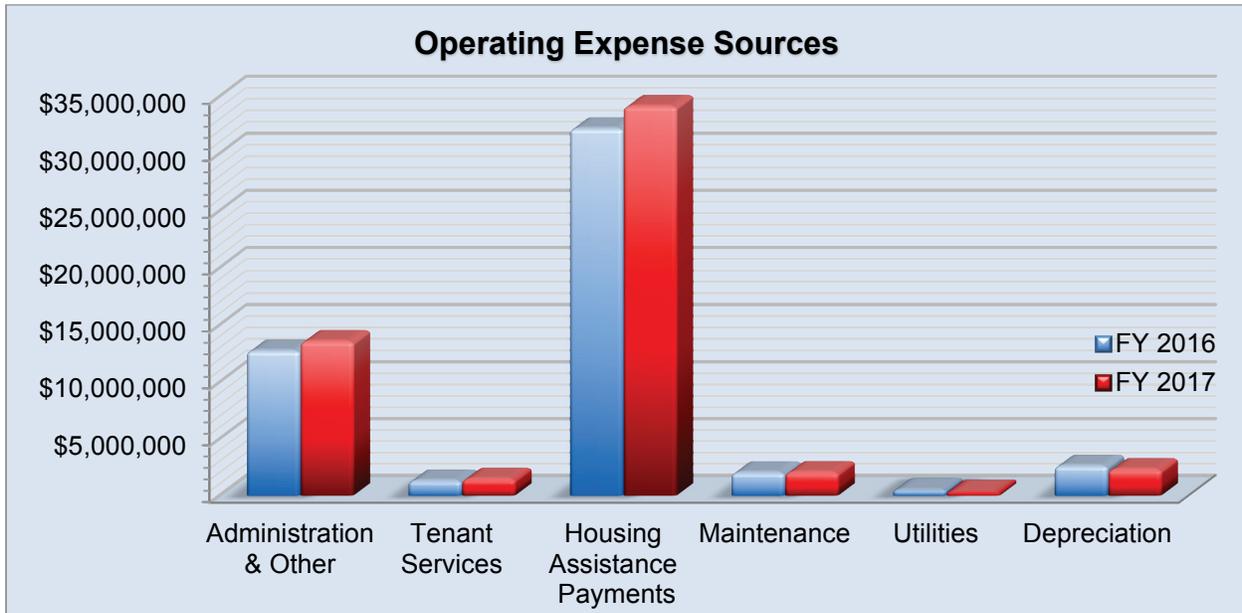
The best indicator of the differences between the two fiscal years is the Income (Loss) Before Contributions and Special Item, which shows a decrease of \$1.93 million (26.4%). This change is chiefly attributable to a rise in Housing Assistance Payments of \$1.95 million (6.1%) without a corresponding increase in revenue. Revenue growth was flat due to two offsetting factors: 1) Other Revenues decreased by \$1.48 million (13.2%) due to a slight decrease in developer fees earned during 2017, and 2) Operating Grants increased by \$1.61 million (3.8%) due to an increase in use of the Moving To Work (MTW) operating grant to fund an agency-wide computer system conversion and partially fund the increase in the Housing Assistance Payments (HAP).

Revenues are classified as operating, non-operating or capital grant contributions. The following graph illustrates a comparison of the sources of all revenues for FY 2017 and FY 2016.



The overall contribution from each revenue type remained relatively constant from 2016 to 2017 with exception of the Capital and Other Grants category, which saw a significant drop from \$7.70 million to \$0.41 million (94.7%). This decrease was principally due to the one-time use of HUD Capital Fund Program grants as a loan extended to the Renew Tacoma Housing LLLP for the rehabilitation of the nine public housing properties sold to the entity under the RAD conversion program in the prior year.

Operating expenses are amounts paid for providing housing to the Housing Authority's tenants and administering the various housing and tenant assistance programs. The following graph shows a comparison of the operating expenses by type for FY 2017 and FY 2016.



Total operating expenses for FY 2017 expanded by \$2.45 million (4.7%), with the largest area of increase being the Housing Assistance Payments (HAP) category with \$1.95 million (6.1%). The rise in HAP was due to higher average rents and the RAD conversion, as described above. Administration and Other costs increased by \$0.83 million (6.5%) predominantly due to augmented staffing levels to deal with the agency-wide computer systems conversion.

Capital Asset and Long-Term Liability Activity

Capital Assets

During FY 2017, the Housing Authority had the following significant changes in capital assets:

- Land increased by \$6.36 million primarily because of the purchase of Highland Crest Apartments and James Center North.
- Construction-In-Progress rose by \$0.68 million mostly due to 1) improvements made to the remaining public housing Scattered Sites homes getting them ready for sale, 2) rehabilitation of the elevators at the Housing Authority's main administration building, and 3) work completed for the planned Crisis Residential Center at Arlington Drive in the Housing Authority's Salishan development.
- Buildings grew by \$7.39 million chiefly due to the purchase of Highland Crest Apartments and James Center North, offset by the sale of 18 of the Scattered Sites public housing homes.
- Intangible Assets enlarged by \$0.43 million as the Housing Authority continued to engage in developing an agency-wide software product based on the Salesforce platform.

The following table³ summarizes the changes in capital assets between FY 2017 and FY 2016 for the Housing Authority.

Schedule of Changes in Capital Asset Balances			
	2017	2016	Net Change
Land	\$ 19,144,214	\$ 12,780,636	\$ 6,363,578
Construction-In-Progress	1,016,584	336,541	680,043
Buildings	38,382,333	30,989,951	7,392,382
Site Improvements	13,830,185	13,766,317	63,868
Machinery and Equipment	2,921,824	2,870,990	50,834
Intangible Assets	1,891,250	1,460,994	430,256
Totals	77,186,390	62,205,429	14,980,961
Accumulated Depreciation	(17,567,564)	(16,296,015)	(1,271,549)
Capital Assets, Net	\$ 59,618,826	\$ 45,909,414	\$ 13,709,412

Long-Term Liability Activity

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

- Outstanding Revenue Bonds increased by \$6.34 million (245.3%) due to the issuance of a new revenue bond to finance the purchase of the Highland Crest Apartments.
- Outstanding Notes Payable rose by \$25.06 million (46.0%) chiefly due to:
 - The issuance of \$19.41 million in new notes payable for the rehabilitation of the nine public housing properties sold in 2016. The proceeds of the note were re-loaned to the Renew Tacoma Housing LLLP and consequently resulted in an equal amount of notes receivable from this entity. The balance of this construction loan is expected to be paid off from the contributions of the limited partner and a permanent loan to the entity in 2018.
 - The issuance of \$5.95 million in new notes payable for the acquisition of the James Center North.

³ For more detailed information on Capital Assets please see Note 4 to the Financial Statements

The following table⁴ summarizes the changes in long-term liabilities (including current portions) between FY 2017 and FY 2016 for the Housing Authority.

Schedule of Changes of Long-Term Liabilities			
	<u>2017</u>	<u>2016</u>	<u>Net Change</u>
Revenue Bonds	\$ 8,929,253	\$ 2,586,304	\$ 6,342,949
Notes Payable	79,510,928	54,451,592	25,059,336
Net Pension Liability	5,862,658	7,078,581	(1,215,923)
Unearned Rev - Op Lease	952,300	966,567	(14,267)
Other	1,608,750	1,281,618	327,132
Total long-term liabilities	<u>\$ 96,863,889</u>	<u>\$ 66,364,662</u>	<u>\$ 30,499,227</u>

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

Economic Factors Affecting the Housing Authority

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

During 2017 HUD funding for the MTW grants was below 100% of eligibility and is expected to continue to be underfunded in 2018. The following funding impacts were seen in 2017 and are expected for 2018:

- In 2017 HUD funded housing authority operating subsidy at 93.1% of eligibility. For 2018 funding for the operating subsidy is projected to be about 93.3% of eligibility.
- Similarly, the capital fund grants provided to housing authorities by HUD have over the past 10+ years been insufficient to meet the capital needs of most housing authorities and no increase in funding level is expected in the coming years.
- The administrative cost portion of the Section 8 funding was funded at 78.0% of eligibility during 2017 and is expected to be funded about 76.0% of eligibility for 2018.
- The Section 8 HAP funding was funded at 97.0% of eligibility during 2017 and is expected to be funded about 99.7% of eligibility for 2018.

The Housing Authority has converted the ownership structure on all of its public housing complexes from Housing Authority owned to ownership by partnerships under the Low Income Housing Tax Credit (LIHTC) program. The remaining public housing units in the partnerships are planned to be converted to project-based Section 8 HAP units under the Rental Administration Demonstration (RAD) program, reducing the Housing Authority's exposure to the low and unpredictable funding levels of the public housing program. The federal income tax credits awarded to such partnerships allow the Housing Authority to obtain private equity contributions to fund redevelopment and renovation activities. Such private funding sources allow for decreasing the dependency on HUD financing.

⁴ For more details on the Long-Term Liabilities please see Note 8 to the Financial Statements

Local inflationary, recessionary and employment trends can affect resident incomes and therefore the amount of rental incomes of the Housing Authority, as well as the amount of HAP paid by the Housing Authority. Average annual unemployment in the Tacoma, Washington area decreased from 6.3% in 2016 to 5.7% in 2017.⁵

In January 2018 the Tacoma News Tribune reported that the Tacoma and Pierce County area saw some of the largest rent increases in the nation in 2017. Citing the real estate-data firm Trulia, the newspaper reported that median rents rose an estimated 8.8% from 2016 to 2017, the biggest increase by its measure in the nation. The newspaper also reported that Zillow, another real estate-data website, reported an increase of 9.3% from 2016 to 2017. Similar rent increases have been reported across the Pacific Northwest as more people have moved to the area and available vacant apartment units have been on the decline.

The trend of increasing rents has not been met with an increase in funding for families participating in the Housing Choice Voucher (HCV) program. Many new voucher holders are unable to find housing and existing program participants have taken on an increased shelter burden, with voucher holders now spending more of their income on rent and utilities. To address the increasing rental costs, payments standards were increased by the Housing Authority effective January 2017. Although there was concern that the increase in payment standards will not fully address increases in the private rental market, HUD funding levels have limited the degree to which payment standards could be raised.

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

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

Housing Authority of the City of Tacoma
Statement of Net Position
December 31, 2017

	Housing Authority	Component Units
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 7,522,538	\$ 3,542,471
Investments	-	-
Receivables (Net)		
HUD	78,250	-
Other Governments	65,474	-
Component Units	50,477,406	-
Tenants	51,269	166,343
Other	127,102	224,608
Prepaid Expenses	96,155	1,667
Restricted Assets		
Cash and Cash Equivalents		
Tenant Security Deposits	168,837	331,024
Replacement & Operating Reserves	711,963	6,423,837
Housing Assistance Payments (HAP)	177,053	-
Debt Service	-	-
Capital Projects	11,652,319	1,657,021
Total Current Assets	71,128,366	12,346,971
Noncurrent Assets		
Restricted Cash - FSS Escrows	146,088	14,821
Notes Receivable from Component Units	78,902,721	-
Interest Receivable from Component Units	15,117,776	-
Capital Assets		
Land	19,144,214	805,823
Construction In Progress	1,016,584	-
Buildings	38,382,333	213,281,739
Improvements Other than Buildings	13,830,185	17,376,146
Equipment	2,921,824	4,044,089
Intangible Assets	1,891,250	-
Accumulated Depreciation	(17,567,564)	(36,457,909)
Total Capital Assets (Net)	59,618,826	199,049,888
Other Receivable from Component Units	303,060	-
Other Assets	-	924,535
Total Noncurrent Assets	154,088,471	199,989,244
TOTAL ASSETS	\$ 225,216,837	\$ 212,336,215
 DEFERRED OUTFLOW OF RESOURCES		
Deferred Outflows Related to Pensions	1,058,673	-
TOTAL DEFERRED OUTFLOW OF RESOURCES	\$ 1,058,673	\$ -

Housing Authority of the City of Tacoma
Statement of Net Position
December 31, 2017

	Housing Authority	Component Units
LIABILITIES		
Current Liabilities		
Accounts Payable	\$ 1,362,430	\$ 1,936,320
Accrued Liabilities	815,119	135,723
Intergovernmental Payables	24,124	-
Payable to Housing Authority	-	50,477,406
Current Portion of Long-Term Debt	42,021,833	14,344,868
Compensated Absences	49,057	-
Tenant Security Deposits	169,196	338,126
Unearned Revenue	556,071	80,402
Other Current Liabilities	22,884	1,705,328
Total Current Liabilities	45,020,714	69,018,173
Noncurrent Liabilities		
Compensated Absences	973,379	-
Long-Term Debt	46,418,348	12,580,194
Notes Payable to Housing Authority	-	77,791,657
Accrued Interest Payable to Housing Authority	-	15,117,776
Other Accrued Interest Payable	16,235	-
FSS Escrows	146,088	14,821
Unearned Revenue	938,033	-
Net Pension Liability	5,862,658	-
Other Payable to Housing Authority	-	303,060
Total Noncurrent Liabilities	54,354,741	105,807,508
TOTAL LIABILITIES	\$ 99,375,455	\$ 174,825,681
DEFERRED INFLOW OF RESOURCES		
Deferred Inflows Related to Pensions	983,453	-
TOTAL DEFERRED INFLOW OF RESOURCES	\$ 983,453	\$ -
NET POSITION		
Net Investment in Capital Assets	27,657,771	43,152,911
Restricted for		
Replacement & Operating Reserves	711,963	6,423,837
Housing Assistance Payments	143,213	-
Capital Projects	11,652,319	1,657,021
Unrestricted	85,751,336	(13,723,235)
TOTAL NET POSITION	\$ 125,916,602	\$ 37,510,534

Housing Authority of the City of Tacoma
Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended December 31, 2017

	Housing Authority	Component Units
OPERATING REVENUES		
Net Tenant Rental Revenue	\$ 2,416,809	\$ 10,378,241
Tenant Revenue - Other	92,844	129,178
Other Revenue	9,756,932	1,089,075
TOTAL OPERATING REVENUES	<u>12,266,585</u>	<u>11,596,494</u>
OPERATING EXPENSES		
Administration	11,520,103	2,622,284
Tenant Services	1,480,717	283,822
Utilities	338,617	1,418,858
Ordinary Maintenance and Operations	2,075,626	3,050,960
Housing Assistance Payments	34,176,603	-
Other Operating Expenses	2,082,476	1,424,004
Depreciation and Amortization	2,332,535	5,778,759
TOTAL OPERATING EXPENSES	<u>54,006,677</u>	<u>14,578,687</u>
OPERATING INCOME (LOSS)	<u>\$ (41,740,092)</u>	<u>\$ (2,982,193)</u>
NONOPERATING REVENUES (EXPENSES)		
HUD Subsidies and Grant Revenue	43,210,251	-
Other Government Grants	409,253	-
Distributions to Other Governments	(991,782)	-
Interest and Investment Income	3,285,557	39,171
Gain/(Loss) on Disposal of Capital Assets	1,423,569	-
Interest Expense	(222,596)	(4,280,973)
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>47,114,252</u>	<u>(4,241,802)</u>
CHANGE IN NET POSITION	<u>5,374,160</u>	<u>(7,223,995)</u>
NET POSITION - BEGINNING OF YEAR	<u>120,542,442</u>	<u>44,734,529</u>
NET POSITION - END OF YEAR	<u>\$ 125,916,602</u>	<u>\$ 37,510,534</u>

Housing Authority of the City of Tacoma
Statement of Cash Flows
For the Year Ended December 31, 2017

	Housing Authority
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from Customers	\$ 3,088,172
Payments to Employees	(12,293,951)
Payments to Suppliers	(6,213,586)
Housing Assistance Payments	(34,176,603)
Other Receipts (Payments)	5,072,079
NET CASH PROVIDED/(USED) BY OPERATING ACTIVITIES	<u>(44,523,889)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
HUD Operating Grants	40,332,116
Other Government Operating Grants	390,861
Distributions to Other Government	(991,782)
NET CASH PROVIDED/(USED) BY NONCAPITAL FINANCING ACTIVITIES	<u>39,731,195</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Capital Grant Contributions	-
Purchase and Construction of Capital Assets	(17,580,739)
Proceeds from Sale of Capital Assets	2,963,267
Proceeds from Issuance of Capital Debt	33,762,054
Principal Payments on Capital Debt	(2,069,551) a)
Interest Payments	(181,295)
NET CASH PROVIDED/(USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>16,893,736</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from Component Unit Loan Repayments	764,153 a)
Loans to Component Units	(19,504,471)
Proceeds from Sale of Investments	1,637,737
Investment Income - Loans	85,079
Investment Income - Other	98,999
NET CASH PROVIDED/(USED) BY INVESTING ACTIVITIES	<u>(16,918,503)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(4,817,461)
CASH AT BEGINNING OF YEAR	<u>25,196,259</u>
CASH AT END OF YEAR	<u><u>\$ 20,378,798</u></u>

Housing Authority of the City of Tacoma
Statement of Cash Flows
For the Year Ended December 31, 2017

RECONCILIATION OF OPERATING INCOME/(LOSS) TO NET CASH PROVIDED/(USED) BY OPERATING ACTIVITIES	
Operating Income (Loss)	\$ (41,740,092)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided/(Used):	
Depreciation Expense & Amortization	2,332,535
Changes in Assets and Liabilities:	
Decrease (Increase) in Receivables	(3,460,076)
Decrease (Increase) in Prepaid Expenses	65,933
Decrease (Increase) in Deferred Outflows	268,634
Increase (Decrease) in Accounts Payable	(1,462,846)
Increase (Decrease) in Other Payables	(124,253)
Increase (Decrease) in Net Pension Liability	(1,215,923)
Increase (Decrease) in Deferred Inflows	812,199
Total Adjustments	<u>(2,783,797)</u>
NET CASH PROVIDED/(USED) BY OPERATING ACTIVITIES	<u><u>\$ (44,523,889)</u></u>

Non-cash investing, capital and financing activity:

- a) Excludes \$52,208 reduction of notes receivable from Component Units offset with a reduction of notes payable to lenders by the Housing Authority for loans reloaned and serviced by the Component Units

HOUSING AUTHORITY OF THE CITY OF TACOMA
Notes to Financial Statements
For the Year Ended December 31, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The significant accounting policies are described below.

a. Reporting Entity

The Housing Authority was created on August 16, 1940 as a municipal corporation under the provisions of the State Housing Authorities Law (RCW 35.82) and the Housing Cooperation Law (RCW 35.83) in response to the Federal Housing Act of 1937. The Housing Authority is governed by a five member Board of Commissioners, appointed by the Mayor of the City of Tacoma. Commissioners serve without pay.

As required by generally accepted accounting principles, management has considered all potential component units in defining the reporting entity. The Housing Authority is not financially dependent on the City of Tacoma and is not a component unit of the City. The Housing Authority's reporting entity consists of the primary government, as well as its component units, which are legally separate organizations for which the primary government is financially accountable, or other organizations whose nature and significant relationship with the Housing Authority are such that exclusion would cause the Housing Authority's financial statements to be misleading or incomplete. Financial accountability is defined as the appointment of a voting majority of the component unit's board, and (i) either the Housing Authority's ability to impose its will on the organization or (ii) there is potential for the organization to provide a financial benefit to or impose a financial burden on the Housing Authority.

The financial statements of the Housing Authority include both discretely presented and blended component units.

Discretely presented component units

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

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

- Hillside Terrace Phase I Limited Partnership (LP) – A Washington state limited partnership formed in April 2002 to lease and operate a substantially rehabilitated 21-unit apartment property in Tacoma, Washington. Rehabilitation was completed October 31, 2003. Pursuant to the Amended and Restated Agreement of Limited Partnership, dated December 18, 2002, the

Housing Authority serves as the General Partner, SLP, Inc. is the Special Limited Partner and MMA Financial Institutional Tax Credits XXV, LP is the Investor Limited Partner.

- Hillside Terrace Phase II LP – A Washington state limited partnership formed in April 2002 to lease and operate a newly constructed 25-unit apartment property located in Tacoma, Washington. Pursuant to the Amended and Restated Agreement of Limited Partnership, dated March 4, 2003, the Housing Authority is the General Partner, SLP, Inc. is the Special Limited Partner and MMA Financial Housing Investment V, LP is the Investor Limited Partner.
- Hillside Terrace 1500 LP – A Washington state limited partnership formed in January 2004 to acquire, construct and operate a 16-unit apartment property known as Hillside Terrace 1500 Block located in Tacoma, Washington. Pursuant to the Amended and Restated Agreement of Limited Partnership, dated May 5, 2005, the Housing Authority is the General Partner, Alliant Capital, LTD is the Administrative Limited Partner, and Alliant Tax Credit Partnership 33-A, LTD. is the Investor Limited Partner.
- Salishan One Limited Liability Company (LLC) – A Washington state limited liability company formed in April 2003 to acquire, construct, rehabilitate, develop, repair, improve, maintain, operate, manage, lease, dispose of, and otherwise deal with a 90-unit apartment property located in Tacoma, Washington. In accordance with the provisions of the Second Amended and Restated Operating Agreement dated August 28, 2008, the Housing Authority is the Managing Member, MMA Special Limited Partner, Inc. is the Special Member and Boston Financial Institutional Tax Credits XXVIII, LP is the Investor Member.
- Salishan Two LLC – A Washington state limited liability company formed in November 2003 to acquire, construct, rehabilitate, develop, repair, improve, maintain, operate, manage, lease, dispose of, and otherwise deal with a 90-unit apartment property located in Tacoma, Washington. Pursuant to the First Amendment to the Amended and Restated Operating Agreement dated August 25, 2008, the Housing Authority is the Managing Member, MMA Special LP, Inc. is the Special Member and Boston Financial Institutional Tax Credits XXIX, LP is the Investor Member.
- Salishan Three LLC – A Washington state limited liability company formed in January 2005 to acquire, construct, develop, repair, improve, maintain, operate, manage, lease, dispose of, and otherwise deal with a 90-unit apartment property located in Tacoma, Washington. In accordance with the provisions of the Amended and Restated Operating Agreement dated November 2, 2005, the Housing Authority is the Managing Member, MMA Special Limited Partner, Inc. is the Special Member and Boston Financial Institutional Tax Credits XXIX, LP is the Investor Member.
- Salishan Four LLC – A Washington state limited liability company formed in December 2005 to acquire, construct and operate a 90-unit apartment property located in Tacoma, Washington. Pursuant to the Amended and Restated Operating Agreement dated March 5, 2008, the Housing Authority is the Managing Member, RBC Tax Credit Manager II, LLC is the Administrative Special Member and AHC Salishan, LLC is the Investor Member.
- Salishan Five LLC – A Washington state limited liability company formed in January 2007 to acquire, construct and operate a 90-unit apartment complex comprised of 46 residential buildings situated in Tacoma, Washington. In accordance with the provisions of the Amended and Restated Operating Agreement dated June 1, 2008, the Housing Authority is the Managing Member, RBC Tax Credit Manager II, LLC is the Administrative Special Member and AHC Salishan II, LLC is the Investor Member.
- Salishan Six LLC – A Washington state limited liability company formed in December 2007 to acquire, construct and operate a 90-unit property located in Tacoma, Washington. Pursuant to the Second Amended and Restated Operating Agreement dated April 1, 2009, the Housing Authority is the Managing Member, RBC Tax Credit Manager II, Inc. is the Special Member and RBC Salishan VI, LLC is the Investor Member.

- 2500 Yakima LLLP – A Washington state limited liability limited partnership formed in September 2011 to acquire, construct, rehabilitate, develop, repair, improve, maintain, operate, manage, lease, dispose of, and otherwise deal with a 70-unit property known as Bay Terrace Apartments I situated in Tacoma, Washington. In accordance with the provisions of the First Amended and Restated Partnership Agreement dated April 3, 2013, the Housing Authority is the General Partner, Wincopin Circle LLLP is the Withdrawing Partner and Enterprise Housing Partners XXIV Limited Partnership is the Limited Partner.
- 2500 Court G, LLLP – A Washington state limited liability limited partnership formed in September 2011 to acquire, construct, rehabilitate, develop, repair, improve, maintain, operate, manage, lease, dispose of, and otherwise deal with a 74-unit property known as Bay Terrace Apartments II situated in Tacoma, Washington. In accordance with the provisions of the First Amended and Restated Partnership Agreement dated April 19, 2016 the Housing Authority is the General Partner, Tacoma Housing Development Group is the Withdrawing Limited Partner, RBC-Bay Terrace II, LLC is the Limited Partner, and RBC Tax Credit Manager II, Inc. is the Special Limited Partner.
- Renew Tacoma Housing, LLLP – A Washington state limited liability limited partnership formed in July 2015 to acquire, develop, rehabilitate, lease, maintain and operate nine apartment complexes with a total of 456 units; the nine apartment complexes are located in Tacoma, Washington. In accordance with the provisions of the Amended and Restated Agreement of Limited Partnership dated April 1, 2016, the Housing Authority is the General Partner, RBC-Tacoma Portfolio, LLC is the Limited Partner, and RBC Tax Credit Manager II, Inc. is the Special Limited Partner.

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

All twelve component units have a December 31 year-end. The financial statements of the component units are audited separately and are presented as of December 31, 2017. Copies of these audited statements can be obtained by contacting the Housing Authority. Condensed financial information for each of the component units is provided in [Note 11](#). Although these component units do not follow government accounting standards, for presentation purposes certain transactions and balances may be reflected differently in the Housing Authority's financial statements than in the separately issued statements in order to conform to the presentation and classifications of the Housing Authority's statements.

Blended component unit

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

THDG has a December 31 year-end and its financial statements are presented as of December 31, 2017. The financial statements of this blended component unit are not audited separately.

Condensed combining information for the THDG component unit is provided in [Note 11](#).

b. Basis of Accounting and Presentation

Accounting records are maintained according to the proprietary fund model that is similar to private business enterprises. The Housing Authority's financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of related cash flows. Capital asset purchases are capitalized depreciated over their useful lives and long-term liabilities are accounted for in the proprietary fund.

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

Low Income Public Housing – The Housing Authority owns, operates and maintains one property consisting of 12 scattered sites public housing units that are expected to be fully disposed of by the end of 2018; 22 of the original 34 public housing units were disposed as of December 31, 2017. The Housing Authority also is the General Partner/Managing Member in the twelve component unit properties listed above consisting of 1,202 units of which 327 are public housing units. The program offers income-based rent for elderly, disabled and single families who qualify under the low-income guidelines. Typically residents pay 30% of their adjusted income in rents. Revenues for the properties consist of rents, other fees collected from tenants and an operating subsidy received from HUD. The Housing Authority's operating subsidy is received under an Annual Contributions Contract to offset the cost of operating the units. HUD also provides funds to maintain and improve the public housing projects under the Capital Fund Program. Substantially all additions and improvements to Housing Authority owned land, structures and equipment of public housing are accomplished through these capital grant funds.

Tenant-Based Housing Choice Vouchers – The Housing Authority provides rental assistance payments to about 3,500 households who live in private rental housing. Funded by HUD pursuant to Section 8 of the U.S. Housing Act, this program allows participating families and individuals to choose their own housing maintained and managed by private landlords and subsidized with the use of a housing voucher. Generally the participants pay up to 30% of their income towards rent and the Housing Authority pays the remainder. The Housing Authority targets this program to the elderly, disabled households and families that are homeless or at the risk of homelessness.

Project-Based Section 8 Housing – Under this program, subsidies are assigned to qualifying housing units rather than to qualifying individuals or families. The Housing Authority manages the subsidy payments under the Section 8 Moderate Rehabilitation Single Room Occupancy program for 41 units at Jefferson Apartments owned by Tacoma Rescue Mission, and 30 units at South Yakima Apartments owned by the Tacoma Metro Development Council. Additionally, the Housing Authority manages the payments of 332 regular project-based vouchers in its discretely presented component units (Hillside Terrace, Salishan and Bay Terrace properties), 482 project-based vouchers in its discretely presented component units (Renew Tacoma Housing and Bay Terrace) that converted from the Low Income Public Housing program to the Project-Based Section 8 Housing program, 91 project-based vouchers in the Housing Authority's Salishan VII property and 388 project-based vouchers in projects owned by various non-profit organizations. The 49-unit MLK New Look Apartments is under project-based voucher contract managed directly by HUD.

Non-Subsidized Housing – In addition to the above listed subsidized housing programs, the Housing Authority also develops, owns and operates non-subsidized housing. The Housing Authority's current non-subsidized housing portfolio was in part financed using tax-exempt revenue bonds. State laws governing this type of financing require that fifty percent of the housing be affordable housing. The Housing Authority owns the 49-unit Outrigger Apartments, the 15-unit Prairie Oaks Condominium, and the 72-unit Highland Crest Apartments that are non-subsidized housing.

Supportive Services Programs – The Housing Authority serves a wide assortment of people with special needs such as the homeless, the elderly, the disabled and the mentally ill. The Housing

Authority provides resident-focused programs in its properties and for its voucher holders in partnership with many local public and private agencies to provide supportive service programs including job/education training and self-sufficiency programs. These services are funded using federal, state, local government and private monies.

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

c. Cash and Cash Equivalents

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

d. Investments

The Housing Authority invests excess cash not needed for operations in certificates of deposit, the Washington State Local Government Investment Pool (LGIP), or direct obligations of the U.S. Government pursuant to requirements of Washington State law in Chapter 39.58 RCW and HUD-imposed investment restrictions. At times, the Housing Authority also maintains investments held by trustees. Investments held by trustees are restricted for specific uses including capital additions and improvements and debt service. Investments are reported at fair value with the exception of the LGIP, which is carried at amortized cost. The net increase (decrease) in the fair value of investments is recognized as a component of investment income. See [Note 3](#).

e. Receivables

Accounts receivable consist primarily of amounts due from tenants for rent and other charges, cost reimbursements due from grantors, and notes and interest receivable from tax-credit partnerships for development funds loaned to them. Annually, tenant receivable balances are analyzed and the allowance for doubtful accounts is estimated and adjusted in accordance with historical experience. Other receivable allowances are established for uncertain collectibles. No allowances existed at December 31st, 2017, other than the allowance for tenant accounts receivable.

f. Prepaid Expenses

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

g. Restricted Assets

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

h. Capital Assets

Capital assets are defined by the Housing Authority as assets with an initial individual cost of at least \$5,000 and estimated useful life in excess of 1 year. Major expenses for capital assets, including capital leases and major repairs that increase useful lives, are capitalized. Capital project costs clearly associated with the acquisition, development and construction of a real estate development project, including indirect costs and interest during the period of construction, are capitalized as a cost of that project. Preliminary costs incurred for proposed projects are expensed until a project completion becomes feasible. Costs relating to projects ultimately constructed are capitalized to the project; charges that relate to abandoned projects are expensed. Maintenance, repairs and minor renewals are accounted for as expenses when incurred. Capital assets are recorded at cost where the historical cost is known and at estimated historical cost where no records exist. Donations are recorded at acquisition value at the time of donation.

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

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

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

See [Note 4](#) for the capital asset components and balances at December 31, 2017 and activity for the fiscal year.

i. Deferred Outflows/Inflows of Resources

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

j. Compensated Absences

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

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

k. Unearned Revenue

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

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

I. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of all state sponsored pension plans and additions to/deductions from those plans' fiduciary net position have been determined on the same basis as they are reported by the Washington State Department of Retirement Systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. See [Note 10](#) for more details.

m. Tax Exemption

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

n. Operating Revenues/Expenses

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

o. Use of Estimates

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

NOTE 2 – ACCOUNTING AND REPORTING CHANGES

During the fiscal year ended December 31, 2017, the following new accounting standards issued by the GASB became effective and were implemented by the Housing Authority:

- Statement No. 80, Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14, effective for financial statement periods beginning after June 15, 2016. This statement did not have a material impact on the financial statements of the Housing Authority for the year ended December 31, 2017.
- Statement No. 81, Irrevocable Split-Interest Agreements, effective for financial statement periods beginning after June 15, 2016. This statement did not have any impact on the financial statements of the Housing Authority for the year ended December 31, 2017.
- Statement No 82, Pension Issues – an amendment of GASB Statements No. 67, No. 68, and No. 73, effective for financial statement periods beginning after June 15, 2016. This statement did not have a material impact on the financial statements of the Housing Authority for the year ended December 31, 2017.

NOTE 3 – DEPOSITS AND INVESTMENTS

a. Deposits

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

Custodial Credit Risk

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

b. Investments

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

The LGIP, an external investment pool, is managed and operated by the Washington State Treasurer's office and is not registered with the SEC as an investment company. The LGIP is operated in a manner consistent with Rule 2(a)(7) money market funds, as regulated by the Securities and Exchange Commission. The LGIP manages a portfolio of securities that meet the maturity, quality, diversification and liquidity requirements set forth by the GASBS 79 for external investment pools that elect to measure, for financial reporting purposes, investments at amortized cost. The LGIP does not have any legally binding guarantees of share values. The LGIP does not impose liquidity fees or redemption gates on participant withdrawals.

Investments with the LGIP meet the criteria of cash and cash equivalents because these can be liquidated upon demand. The income, gains and losses – net of administration fees – of the LGIP are allocated based upon the participant's average daily balance. The fair value of the LGIP investment pool is approximately equal to the value of the pool shares. The Office of the State Treasurer prepares a

stand-alone LGIP financial report. A copy of the report is available from the Office of the State Treasurer, PO Box 40200, Olympia, Washington 98504-0200 or online at www.tre.wa.gov.

The Housing Authority entered into a Cash Collateral Assignment and Security Agreement in connection with the rehabilitation of 9 public housing properties containing 456 residential units. Under this agreement U.S. Bank National Association (NA), acting as the Collateral Agent, agreed to hold \$4,750,000 as escrow agent as repayment guarantee in connection with a \$45.0 million note used to fund the rehabilitation work. Under this agreement U.S. Bank invested the cash collateral in the Federated Institutional Tax-Free Cash Trust (FFTXX), Cusip # 608919486, a money market obligations trust containing high-quality, tax-exempt securities maturing in 7 days or less.

Investments in the FFTXX funds meet the criteria of cash and cash equivalents because these can liquidated upon demand. The trust generally does not impose liquidity fees or redemption gates on participant withdrawals, unless the fund's weekly liquid assets were to fall below a designated threshold. If the fund's weekly liquid assets fall below 30% of its total assets, the fund may impose liquidity fees of up to 2% of the value of the shares redeemed and/or temporarily suspend redemptions, if the board, including a majority of the independent trustees, determines that imposing a liquidity fee or temporarily suspending redemptions is in the fund's best interest. For financial statement reporting purposes the FFTXX funds are included in restricted cash and cash equivalents – capital projects.

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

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Housing Authority's policy for reducing its exposure to credit risk is to comply with HUD authorized investment instruments and Washington State law which limit investments to low risk investment instruments. In line with Washington State laws, the Local Government Investment Pool (LGIP) investment policy limits the types of securities available for investment to obligations of the U.S. government or its agencies, obligations of government-sponsored corporations, banker's acceptances, commercial paper, deposits with qualified public depositories, or obligations of the state of Washington or its political subdivisions. Banker's acceptances and commercial paper must be rated with the highest short-term credit rating of any two Nationally Recognized Statistical Rating Organizations (NRSROs) at the time of purchase. The aggregate total of commercial paper and banker's acceptances is limited to 35% of the portfolio. As of December 31, 2017, the LGIP did not have any banker's acceptances, commercial paper, or municipal bonds in its portfolio.

Investment Type	Fair Value	Quality Ratings			
		AAA	AA	A	Unrated
Washington State Local Government Investment Pool	\$ 99	\$ -	\$ -	\$ -	\$ 99
FFTXX	4,753,044	4,753,044			
Total	\$ 4,753,143	\$ 4,753,044	\$ -	\$ -	\$ 99

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

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty to a transaction, the Housing Authority will not be able to recover the value of its investments or collateral

securities that are in the possession of an outside party. The Housing Authority does not have a formal policy for custodial credit risk. The investments in the Local Government Investment Pool and the FTTXX money market funds are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Prices of fixed-income securities generally fall when interest rates rise. Recent and potential future changes in monetary policy made by the Federal Reserve Bank are likely to affect the level of interest rates. The Housing Authority's policy for managing its exposure to fair value losses is to engage in investment practices that limit the maximum maturity of variable rate investments to not greater than two years. All investments held by the Housing Authority as of December 31, 2017 had maturities less than one year.

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

c. Discretely Presented Component Unit Deposits

As of December 31, 2017, the discretely presented component units' carrying amount of deposits was \$11,969,174. These deposits are entirely covered by Federal Depository Insurance Corporation (FDIC) or by collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission (PDPC), established under Chapter 39.58 of the Revised Code of Washington. Deposits that are in excess of the FDIC insured amount are secured by collateral through the Washington State Public Deposit Protection Act, which was adopted in 1969. Under the Washington State Public Deposit Protection Act, each public depository is required to contribute to a common pool of pledged securities. In the event of default of one bank, all participating banks in Washington State will collectively assure that no loss of funds will be suffered by any public treasurer or custodian of public funds.

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the Housing Authority for the year ended December 31, 2017 was as follows:

Housing Authority					
	Balance 1/1/2017	Additions	Transfers	Disposals	Balance 12/31/2017
Capital assets not being depreciated					
Land	\$ 12,780,636	\$ 6,392,860	\$ (418,303)	\$ (144,391)	\$ 18,610,802
Land Improvements	-	115,109	418,303	-	533,412
Construction-In-Progress	336,541	1,099,759	-	(419,716)	1,016,584
Total capital assets not being depreciated	13,117,177	7,607,728	-	(564,107)	20,160,798
Capital assets being depreciated					
Buildings	30,989,951	9,338,621	-	(1,946,239)	38,382,333
Improvements other than Buildings	13,766,317	63,868	-	-	13,830,185
Equipment	2,870,990	98,625	-	(47,791)	2,921,824
Intangible Assets	1,460,994	474,366	-	(44,110)	1,891,250
Total capital assets being depreciated	49,088,252	9,975,480	-	(2,038,140)	57,025,592
Less accumulated depreciation	(16,296,015)	(2,332,534)	-	1,060,985	(17,567,564)
Total capital assets being depreciated, net	32,792,237	7,642,946	-	(977,155)	39,458,028
TOTAL CAPITAL ASSETS, NET	\$ 45,909,414	\$ 15,250,674	\$ -	\$ (1,541,262)	\$ 59,618,826

Capital asset activity resulted predominantly from the acquisition of Highland Crest Apartments and James Center North, a commercial site intended for the future development of affordable housing units, as well as the sale of 18 Scattered Sites Public Housing properties.

During the year ended December 31, 2017, the Housing Authority incurred no interest costs related to the acquisition and construction of capital assets and \$222,596 in interest cost was otherwise incurred and expensed.

Capital asset activity for the Discretely Presented Component Units for the year ended December 31, 2017 was as follows:

Discretely Presented Component Units

	Balance 1/1/2017	Additions	Transfers	Disposals	Balance 12/31/2017
Capital assets not being depreciated					
Land	\$ 805,823	\$ -	\$ -	\$ -	\$ 805,823
Construction-In-Progress	22,230,381	29,258,511	(51,488,892)	-	-
Total capital assets not being depreciated	23,036,204	29,258,511	(51,488,892)	-	805,823
Capital assets being depreciated					
Buildings	168,222,831	7,158	45,051,750	-	213,281,739
Improvements other than Buildings	11,187,317	-	6,188,829	-	17,376,146
Equipment	3,795,776	-	248,313	-	4,044,089
Total capital assets being depreciated	183,205,924	7,158	51,488,892	-	234,701,974
Less accumulated depreciation	(30,762,948)	(5,694,961)	-	-	(36,457,909)
Total capital assets being depreciated, net	152,442,976	(5,687,803)	51,488,892	-	198,244,065
TOTAL CAPITAL ASSETS, NET	\$ 175,479,180	\$ 23,570,708	\$ -	\$ -	\$ 199,049,888

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

NOTE 5 – CONSTRUCTION IN PROGRESS

Construction-In-Progress represents expenses to date on projects for which authorizations total \$3,931,866. Construction-In-Progress consists of the following:

	<u>Project Authorization</u>	<u>Expended through 12/31/2017</u>	<u>Committed</u>	<u>Required Future Financing</u>
MLK New Look	439,461	323,527	115,934	-
Public Housing Scattered Sites	720,378	690,025	30,353	-
1800 Block Hillside Terrace	30,000	26,780	3,220	-
Salishan - FIC & Maint Bldg	1,241,650	135,564	1,106,086	-
Outrigger - Poolhouse	78,000	44,880	33,120	-
Arlington - Crisis Residential Center	955,000	130,726	824,274	-
902 S L Str Elevator	467,377	223,100	244,277	-
	<u>\$ 3,931,866</u>	<u>\$ 1,574,602</u>	<u>\$ 2,357,264</u>	<u>\$ -</u>
Public Housing Scattered Sites Placed in Service		(558,018)		
Net Construction-In-Progress		<u>\$ 1,016,584</u>		

NOTE 6 – NOTES RECEIVABLE

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

Schedule of Notes Receivable Balances

Description and Terms	Rate	Noncurrent Notes Receivable	Current Notes Receivable	Interest	Total
Financing Loan to Hillside Terrace I, LLP Balance due December 18, 2047	0.00%	\$ 1,893,162	\$ -	\$ -	\$ 1,893,162
Construction/Permanent (CDBG) Loan to Hillside Terr. I, LLP Payments subject to residual receipts Balance due December 1, 2042	0.00%	176,050	-	-	176,050
Operating Deficit Loan to Hillside Terrace I, LLP Payments subject to residual receipts Balance due December 1, 2019	0.00%	333,534	-	-	333,534
Financing Loan to Hillside Terrace II, LLP Interest payments subject to residual receipts Balance due March 4, 2058	4.94%	442,994	-	361,854	804,848
Construction/Permanent (CTED) Loan to Hillside Terr. II, LLP \$2,688 Quarterly from 4/1/2005 to 4/1/2044	3.00%	194,904	3,624	-	198,528
Operating Deficit Loan to Hillside Terrace II, LLP Payments subject to residual receipts Balance due December 1, 2019	0.00%	142,374	-	-	142,374
Financing Loan (A) to Hillside Terrace 1500 Block, LLP Payments subject to residual receipts Balance due May 5, 2060	4.94%	510,000	-	246,028	756,028
Financing Loan (B) to Hillside Terrace 1500 Block, LLP Payments subject to residual receipts Balance due May 5, 2055	0.50%	452,418	-	21,404	473,822
Operating Deficit Loan to Hillside Terrace 1500 Block, LLP Payments subject to residual receipts Balance due December 1, 2020	0.00%	133,692	-	-	133,692
Financing Loan (A) to Salishan One, LLC Payments subject to residual receipts Balance due December 31, 2059	5.34%	2,381,557	-	1,862,135	4,243,692
Financing Loan (B) to Salishan One, LLC Payments subject to residual receipts Balance due December 31, 2059	4.00%	750,000	-	388,932	1,138,932
Construction/Permanent (AHP) Loan to Salishan One, LLC Balance due January 13, 2045	0.10%	629,910	-	7,790	637,700
Construction/Permanent (HTF) Loan to Salishan One, LLC \$1,875 Quarterly from 5/31/07 to 2/28/21 \$14,849 Quarterly from 5/31/21 to 2/28/46	0.00% 0.50%	1,411,875	7,500	-	1,419,375
Financing Loan (A) to Salishan Two, LLC Payments subject to residual receipts Balance due December 31, 2059	5.34%	1,328,845	-	1,479,612	2,808,457
Financing Loan (B) to Salishan Two, LLC Payments subject to residual receipts Balance due December 31, 2059	4.00%	400,000	-	207,430	607,430
Construction/Permanent (AHP) Loan to Salishan Two, LLC Balance due January 13, 2045	0.10%	629,910	-	7,790	637,700

Schedule of Notes Receivable Balances (continued)

Description and Terms	Rate	Noncurrent Notes Receivable	Current Notes Receivable	Interest	Total
Construction/Permanent (HTF) Loan to Salishan Two, LLC \$1,875 Quarterly from 10/31/07 to 7/31/21 \$14,849 Quarterly from 10/31/21 to 7/31/46	0.00% 0.50%	1,415,625	7,500	-	1,423,125
Financing Loan (A) to Salishan Three, LLC Payments subject to residual receipts Balance due November 1, 2060	4.90%	3,868,514	-	1,730,438	5,598,952
Construction/Permanent (AHP) Loan to Salishan Three, LLC Balance due March 31, 2060	5.21%	629,910	-	371,341	1,001,251
Construction/Permanent (HTF) Loan to Salishan Three, LLC \$1,875 Quarterly from 3/31/08 to 12/31/21 \$14,849 Quarterly from 3/31/22 to 12/31/46	0.00% 0.50%	1,417,500	7,500	-	1,425,000
Financing Loan to Salishan Four, LLC Payments subject to residual receipts Balance due June 30, 2064	6.85%	3,270,461	-	2,460,357	5,730,818
Construction/Permanent (HTF) Loan to Salishan Four, LLC \$1,875 Quarterly from 6/30/10 to 3/31/24 \$14,849 Quarterly from 6/30/24 to 3/31/49	0.00% 0.50%	1,434,375	7,500	-	1,441,875
Construction/Permanent (HOME) Loan to Salishan Four, LLC No interest or principal due Balance due June 30, 2049	0.00%	1,000,000	-	-	1,000,000
Construction/Permanent (SHB 2060) Loan to Salishan Four, LLC No interest or principal due Balance due June 30, 2049	0.00%	300,000	-	-	300,000
Financing Loan to Salishan Five, LLC Payments subject to residual receipts Balance due June 30, 2063	5.50%	3,897,823	-	1,396,093	5,293,916
Construction/Permanent (HTF) Loan to Salishan Five, LLC \$1,875 Quarterly from 3/31/11 to 12/31/24 \$14,849 Quarterly from 3/31/25 to 12/31/49	0.00% 0.50%	1,440,000	7,500	-	1,447,500
Construction/Permanent (United Way) Loan to Salishan Five, LLC No interest or principal due Balance due June 30, 2063	0.00%	190,000	-	-	190,000
Construction/Permanent (SHB 2060) Loan to Salishan Five, LLC No interest or principal due Balance due June 30, 2063	0.00%	213,308	-	-	213,308
Operating Deficit Loan to Salishan Five, LLC Payments subject to residual receipts Balance due June 30, 2023	0.00%	63,000	-	-	63,000
Financing Loan to Salishan Six, LLC Payments subject to residual receipts Balance due October 15, 2065	11.85%	981,090	-	724,215	1,705,305
Construction/Permanent (HTF) Loan to Salishan Six, LLC \$2,500 Quarterly from 6/30/11 to 3/31/25 \$19,798 Quarterly from 6/30/25 to 3/31/50	3.00% 3.00%	1,922,500	10,000	483,585	2,416,085
Construction/Perm (United Way & HOME) Loan to Salishan Six, LLC Payments subject to residual receipts Balance due October 15, 2065	9.35%	510,000	-	268,950	778,950

Schedule of Notes Receivable Balances (continued)

Description and Terms	Rate	Noncurrent Notes Receivable	Current Notes Receivable	Interest	Total
Financing Loan (CFP) to Salishan Six, LLC Payments subject to residual receipts Balance due October 15, 2065	9.35%	404,030	-	207,948	611,978
Construction/Perm Loan (MTW) to 2500 Yakima, LLLP Payments subject to residual receipts Balance due April 3, 2068	0.75%	6,260,995	-	174,706	6,435,701
Construction/Perm (HTF) Loan to 2500 Yakima, LLLP \$2,513 Quarterly Interest Only from 8/31/14 to 5/31/34 \$26,418 Quarterly from 8/31/34 to 5/31/54	0.50%	2,010,019	-	838	2,010,857
Construction/Perm (HOME) Loan to 2500 Yakima, LLLP No interest or principal due Balance due April 2, 2053	0.00%	1,065,342	-	-	1,065,342
Subsidy Reserve Loan to 2500 Yakima, LLLP No interest or principal due Balance due April 3, 2029	0.00%	180,891	-	-	180,891
Developer Fee Receivable from 2500 Yakima, LLLP No interest or principal due Balance due December 31, 2028	0.00%	291,690	-	-	291,690
Construction/Perm A Loan to 2500 Court G, LLLP Payments subject to residual receipts Balance due April 1, 2056	8.00%	400,000	-	54,444	454,444
Construction/Perm (CDBG) B Loan to 2500 Court G, LLLP Payments subject to residual receipts Balance due April 1, 2056	8.00%	100,000	-	9,124	109,124
Developer Fee Receivable from 2500 Court G, LLLP No interest or principal due Balance due December 31, 2032	0.00%	684,423	915,577	-	1,600,000
Financing Loan A to Renew Tacoma Housing, LLLP Payments subject to residual receipts Interest Rate prior to Conversion Interest Rate after Conversion (est. 2019) Balance due 4/1/66	5.25% 4.25%	24,640,000	-	2,200,893	26,840,893
Financing Loan C to Renew Tacoma Housing, LLLP Payments subject to residual receipts Interest Rate prior to Conversion Interest Rate after Conversion (est. 2019) Balance due 4/1/66	5.25% 4.25%	8,500,000	-	759,236	9,259,236
Construction/Perm (Citi) Loan to Renew Tacoma Housing, LLLP Payments subject to residual receipts Interest Rate prior to Conversion Interest Rate after Conversion (est. 2019) Balance due 4/1/66	5.25% 4.25%		41,418,746	-	41,418,746
Developer Fee Receivable from Renew Tacoma Housing, LLLP No interest due Balance due 12/31/19	0.00%		6,985,000	-	6,985,000
TOTALS		\$ 78,902,721	\$ 49,370,447	\$ 15,425,143	\$ 143,698,311

The maturity schedule for the Notes Receivable as of December 31, 2017 follows.

Maturity Schedule for Notes Receivable			
Year Ending December 31	Principal	Interest	Total
2018	\$ 49,370,447	\$ 1,590,964	\$ 50,961,411
2019	528,370	14,490	542,860
2020	186,303	15,842	202,145
2021	97,735	22,617	120,352
2022	188,243	35,903	224,146
2023 - 2027	2,175,087	233,718	2,408,805
2028 - 2032	2,045,505	232,052	2,277,557
2033 - 2037	2,043,276	181,810	2,225,086
2038 - 2042	2,343,837	120,495	2,464,332
2043 - 2047	5,469,632	105,830	5,575,462
2048 - 2052	2,184,184	1,510,849	3,695,033
2053 - 2057	2,280,134	1,701,306	3,981,440
2058 - 2062	10,311,820	28,068,371	38,380,191
2063 - 2067	42,606,712	218,977,308	261,584,020
2068 - 2072	6,441,883	2,534,673	8,976,556
Total	\$ 128,273,168	\$ 255,346,228	\$ 383,619,396

NOTE 7 – LEASES

Operating Leases

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

1. In 2006 the Housing Authority entered into a land leasing agreement with the Korean Women's Association (KWA), a non-profit organization. KWA built a HUD-202 Senior Living Facility on the Housing Authority's land. The ground lease is for 50 years, with one 25-year extension. At the end of the lease the property reverts back to the Housing Authority. All of the lease payments (\$1 per year) have been paid in advance.
2. The Housing Authority leases land to each of its discretely presented component units (see [Note 1](#)). The ground leases are for periods between 89 and 99 years. At the end of the lease the property reverts back to the Housing Authority. The annual lease payments are \$1 for each of the discretely presented component units.
3. In 2009 the Housing Authority entered into a land leasing agreement with Salishan Senior Housing (SSH), a non-profit organization. SSH built a HUD-202 Senior Living Facility on the Housing Authority's land. The ground lease is for 50 years, with one 25-year extension. At the end of the lease, the property reverts back to the Housing Authority. All of the lease payments totaling \$1,070,000 have been paid in advance. The Housing Authority is recognizing the rent revenue over the lease term and unearned lease payments are shown as unearned revenue. Unearned rental revenue as of December 31, 2017, consisted of \$938,033 noncurrent unearned revenues and \$14,267 current unearned revenues.

The Housing Authority has as lessee entered into lease agreements for various office equipment. Total cost for such leases was \$145,186 for the year ended December 31, 2017. The commitments under these leases are as follows:

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

Consequently there were no minimum lease payments remaining on this lease agreement for the year ended December 31, 2017.

NOTE 8 – LONG-TERM DEBT AND LIABILITIES

Long-Term Debt

Housing Authority

a. Revenue Bonds:

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

The revenue bonds outstanding as of December 31, 2017 are as follows:

Purpose / Property	Original Amount	Date Issued	Final Maturity	Interest Rate	Amount Outstanding
Outrigger Apartments	2,652,000	10/8/2015	10/31/2025	3.00%	¹⁾ 2,529,253
Highland Crest Apartments	6,400,000	10/10/2017	10/1/2027	4.50%	6,400,000
Total	\$ 9,052,000				\$ 8,929,253

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

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

Year Ending December 31	Principal	Interest	Total
2018	\$ 58,812	\$ 368,115	\$ 426,927
2019	60,628	366,300	426,928
2020	62,293	365,434	427,727
2021	64,419	362,508	426,927
2022	82,491	360,493	442,984
2023 - 2027	8,600,610	1,536,401	10,137,011
Total	\$ 8,929,253	\$ 3,359,251	\$ 12,288,504

The Outrigger Revenue Bond was issued to finance the purchase of the Outrigger Apartments. The bond is secured by a deed of trust on the Outrigger Apartments, constituting a lien on the real property and improvements, as well as an assignment of rents. The Housing Authority has pledged future property revenues, net of operating costs, to repay the principal and interest on the bond when due. During the first seven years the interest rate of the bond is fixed at 3.00% and is subject to adjustment to the then prevalent tax-exempt rate, but not less than 3.00%. Annual principal and interest payments on the bond are expected to require about 65-70% of Net Operating Income generated by the property. Principal and interest paid for the current fiscal year were \$57,051 and \$77,876 respectively.

The Highland Crest Revenue Bond was issued to finance the purchase of the Highland Crest Apartments. The bond is secured by a deed of trust on the Highland Crest Apartments, constituting a lien on the real property and improvements, as well as an assignment of rents. The Housing Authority has pledged future property revenues, net of operating costs to repay the principal and interest on the bond when due. The term of the bonds is 120 months and the amortization period is 360 months with the first 60 months consisting of interest only payments

with a fixed interest rate of 4.50%. The bond may not be prepaid until October 2022, at the end of the interest only period. Annual interest payments on the bond are expected to require about 40 – 45% of Net Operating Income generated by the property. Principal and interest paid for the current fiscal year were \$0 and \$48,800.

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

b. Notes Payable

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

The Notes Payable outstanding as of December 31, 2017 were:

Purpose / Property	Original Amount	Date Issued	Final Maturity	Interest Rate	Amount Outstanding
KeyBank - WA State HFC Loan	\$ 715,000	3/31/2016	3/31/2024	1.00%	\$ 715,000
Hillside Terr I - CDBG Loan	176,050	12/18/2002	12/1/2042	0.00%	176,050
Hillside Terr II - CTED	250,000	2/1/2005	4/1/2044	3.00%	198,527
Hillside Terr 1500 - SHB 2060	316,166	6/17/2004	6/16/2034	0.00%	316,166
Salishan I - Housing Trust Fund	1,500,000	12/23/2004	2/28/2046	0 - 0.5%	1,419,375
Salishan II - Housing Trust Fund	1,500,000	12/23/2004	7/31/2046	0 - 0.5%	1,423,125
Salishan III - Housing Trust Fund	1,500,000	11/2/2005	12/31/2046	0 - 0.5%	1,425,000
Salishan IV - Housing Trust Fund	1,500,000	6/21/2007	3/31/2049	0 - 0.5%	1,441,875
Salishan IV - HOME Loan	1,000,000	6/28/2007	6/28/2047	0.00%	1,000,000
Salishan IV - SHB 2060 Loan	300,000	6/28/2007	7/1/2037	0.00%	300,000
Salishan V - Housing Trust Fund	1,500,000	6/26/2008	12/31/2049	0 - 0.5%	1,447,500
Salishan V - SHB 2060 Loan	213,308	6/26/2008	6/26/2038	0.00%	213,308
Salishan V - United Way Loan	190,000	6/26/2008	6/26/2048	0.00%	190,000
Salishan VI - Housing Trust Fund	2,000,000	10/15/2008	3/31/2050	0 - 0.5%	1,932,500
Salishan VI - HOME Loan	500,000	10/15/2008	10/15/2048	0.00%	500,000
Salishan VI - United Way Loan	10,000	10/15/2008	10/15/2048	0.00%	10,000
Salishan VII - TCAP/ARRA Loan	11,880,335	1/27/2010	1/31/2050	0.00%	11,880,335
Salishan VII - Housing Trust Fund	2,000,000	1/27/2010	6/30/2051	0 - 0.5%	1,937,500
Bay Terrace I - HOME Loan	1,065,342	4/3/2013	4/3/2053	0.00%	1,065,342
Bay Terrace I - Housing Trust Fund	2,010,019	4/3/2013	5/31/2054	0.50%	2,010,019
Prairie Oaks - Housing Trust Fund	1,764,647	3/17/2014	12/31/2054	0.67% - 1.0%	1,526,637
Prairie Oaks - HOME Loan	250,000	6/2/2014	6/2/2034	0.00%	250,000
Prairie Oaks - SHB 2163 Loan	283,697	6/2/2014	6/2/2044	0.00%	283,273
Renew Tacoma Housing Constr Loan	45,000,000	4/19/2016	12/31/2018	2.82 - 4.21%	41,418,746
New Look - HOME Loan	370,650	4/23/2000	1/19/2018	6.39%	370,650
New Look - CDBG Loan	110,000	4/23/2000	1/19/2018	0.00%	110,000
James Center - WA State HFC	2,000,000	10/25/2017	10/31/2025	1.00%	2,000,000
James Center - Enterprise Comm LF	3,950,000	10/25/2017	1/1/2024	3.89%	3,950,000
Total	\$ 83,855,214				\$ 79,510,928

Notes payable debt service requirements to maturity are as follows:

Year Ending December 31	Principal	Interest	Total
2018	\$ 41,963,020	\$ 587,619	\$ 42,550,639
2019	64,960	181,975	246,935
2020	65,111	182,252	247,363
2021	1,060,235	188,596	1,248,831
2022	239,995	169,184	409,179
2023 - 2027	7,463,627	686,165	8,149,792
2028 - 2032	2,315,180	330,725	2,645,905
2033 - 2037	3,587,507	259,243	3,846,750
2038 - 2042	3,337,181	176,194	3,513,375
2043 - 2047	4,049,208	91,021	4,140,229
2048 - 2052	14,034,215	28,916	14,063,131
2053 - 2057	1,330,689	1,904	1,332,593
Total	\$ 79,510,928	\$ 2,883,794	\$ 82,394,722

The KeyBank – WA State Housing Finance Commission loan was issued by the Housing Finance Commission under the state’s land acquisition program to fund the purchase of the a former KeyBank building and the parcel of land it was constructed upon. The loan is secured by a deed of trust on the property. Under the loan agreement the Housing Authority agreed to use the property for future development in a manner that furthers the goals and objectives of the Housing Assistance Program or Affordable Housing Program. The loan carries an interest rate of 1%, with all interest and principal payments deferred until March 31, 2024. The total interest and principal remaining to be paid on the loan at year-end was \$727,512. Interest accrued during the current fiscal year was \$7,150.

The Hillside Terrace I - CDBG loan was issued to the Housing Authority by the Tacoma Community Redevelopment Authority and re-loaned to the tax credit property (Hillside Terrace I, LP). Debt service is made directly by the partnership entity and the debt is secured by a deed of trust on the property of the partnership but this loan remains a contingent liability of the Housing Authority. The loan is offset with an equivalent amount of notes receivable balance from the tax credit partnership (see [Note 6](#) above).

The Hillside Terrace II – CTED loan was issued by the Washington State Department of Commerce (formerly Department of Community, Trade and Economic Development [CTED]) to the Housing Authority and re-loaned to the tax credit property (Hillside Terrace II, LP). Debt service is made directly by the partnership entity and the debt is secured by a deed of trust on the property of the partnership but this loan remains a contingent liability of the Housing Authority. The loan is offset with an equivalent amount of notes receivable balance from the tax credit partnership (see [Note 6](#) above).

The Hillside Terrace 1500 – State House Bill (SHB) 2060 loan was issued by Pierce County to the Housing Authority and re-loaned to the tax credit property (Hillside Terrace 1500 Block, LP). No interest or principal payments are due on this loan and it is forgivable after 30 years if the terms and conditions of the loan agreement are met. The loan remains a contingent liability of the Housing Authority. The loan is offset with an equivalent amount of notes receivable included in the A Loan balance from the tax credit partnership (see [Note 6](#) above).

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

are subject to a 0% interest rate and for the remaining 25 years to a 0.5% interest rate. The loans are offset with an equivalent amount of notes receivable balance from the tax credit entities (see [Note 6](#) above).

The Salishan IV and Salishan VI HOME loans are forgivable loans awarded to the Housing Authority by the Tacoma Community Redevelopment Authority and re-loaned to the tax credit entities (Salishan Four, LLC and Salishan Six, LLC). No interest or principal payments are due on these loans and they are forgivable after 40 years if the terms and conditions of the loan agreements are met. The loans are secured by a leasehold deed of trust on the tax credit properties. Until matured or the properties sold, these loans remain a contingent liability of the Housing Authority. The loans are offset with an equivalent amount of notes receivable balance from the tax credit entity (see [Note 6](#) above).

The Salishan IV and Salishan V SHB 2060 loans are forgivable loans awarded to the Housing Authority by Pierce County and re-loaned to the tax credit entities (Salishan Four, LLC and Salishan Five, LLC). No interest or principal payments are due on these loans and they are forgivable after 30 years if the terms and conditions of the loan agreements are met. The loans are secured by a leasehold deed of trust on the tax credit properties. Until matured or the properties are sold, these loans remain a contingent liability of the Housing Authority. The loans are offset with an equivalent amount of notes receivable balance from the tax credit entity (see [Note 6](#) above).

The Salishan V and Salishan VI United Way loans are forgivable loans awarded to the Housing Authority by the Tacoma Community Redevelopment Authority and re-loaned to the tax credit entities (Salishan Five, LLC and Salishan Six, LLC). No interest or principal payments are due on these loans and they are forgivable after 40 years if the terms and conditions of the loan agreement are met. The loans are secured by a leasehold deed of trust on the tax credit properties. Until matured or the properties are sold, these loans remain a contingent liability of the Housing Authority. The loans are offset with an equivalent amount of notes receivable balance from the tax credit entity (see [Note 6](#) above).

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

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

The Housing Authority was awarded a HOME loan by the Tacoma Community Redevelopment Authority for the Bay Terrace I property which was re-loaned to the tax credit entity (2500 Yakima LLLP dba Bay Terrace I). No interest or principal payments are due on this loan until maturity after 40 years if the terms and conditions of the loan agreement are met. At maturity the entire principal balance is due. The loan is secured by a leasehold deed of trust on the tax credit property. Until matured or the property is sold, this loan remains a contingent liability of the Housing Authority. The loan is offset with an equivalent amount of notes receivable balance from the tax credit entity (see [Note 6](#) above).

The Housing Authority was awarded the Bay Terrace I Housing Trust Fund loan which was re-loaned to the tax credit entity (2500 Yakima LLLP dba Bay Terrace I). Debt service is made directly by the tax credit entity and the debt is secured by a deed of trust on the property of the tax credit entity but this loan remains a contingent liability of the Housing Authority. Payments were delayed until August 2015 and interest was delayed until August 2014 at which time interest was rolled into principal until payments commenced. Payments from August 2015 through May 2034 are quarterly interest only payments of \$2,513. From August 2034 through May 2054 quarterly payments of principal and interest of \$26,418 are required. The loan is offset with an equivalent amount of notes receivable balance from the tax credit entity (see [Note 6](#) above).

The Housing Authority was awarded the Prairie Oaks Housing Trust Fund loan and a recoverable grant totaling \$3,921,437, consisting of a \$2,156,790 grant portion and a \$1,764,647 loan portion, to help finance the Prairie Oaks Condominium. The terms of the loan require compounding of interest at the rate of 0.67% beginning January 2015 through December 2021 and at the rate of 1.00% from January 2022 through December 2054. The recoverable grant portion of the award has no expectation of repayment if the terms and conditions of the contract have been met through the end of the commitment period in December 2054. Since not all of the recoverable grant was spent for the construction of the property the unspent portion - \$238,010 – was applied to the outstanding loan on December 20, 2017, reducing the principal balance to \$1,526,637. The total interest and principal remaining to be paid on the loan is \$1,835,165. Principal and interest paid for the current fiscal year were \$238,010 and \$7,039 respectively.

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

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

The Renew Tacoma Housing Construction Loan was issued to make a loan to the Housing Authority's component unit Renew Tacoma Housing, LLLP (Borrower) for financing the rehabilitation of nine affordable rental housing complexes under the Rental Assistance Demonstration (RAD) project. The interest of the Housing Authority in the Borrower Loan Agreement was assigned to Citibank, N.A. as the funder of the Loan. The Loan is secured by a deed of trust on the nine rental housing complexes, constituting a lien on the real property and improvements, as well as an assignment of rents, and a Completion and Repayment Guarantee by the Housing Authority. The Housing Authority has pledged future property revenues, net of operating costs, to repay the principal and interest on the Loan when due. The interest rate through October 31, 2018 is fixed at 2.82% and increases to 4.21% thereafter. During the construction period interest payments are deferred and rolled into the principal balance. The Loan is expected to be paid down in large part by equity contributions of the limited partner of Renew Tacoma Housing, LLLP, and a permanent loan to the partnership, once the conditions for conversion to a permanent loan have been met, which include completion of rehabilitation, eligibility for low-income housing tax credits, and stabilized occupancy. The loan is offset with an equivalent amount of notes receivable balance from the tax credit partnership (see [Note 6](#) above).

The New Look HOME and CDBG Loans were issued in April 2000 to the former owner of the MLK New Look apartments, the MLK New Look, LLC to assist in funding the acquisition of the MLK New Look apartments. The property was gifted to the Housing Authority December 30, 2016. At the time of the gifting the Housing Authority assumed the Loans issued by the Tacoma

Community Redevelopment Authority (TCRA). Under the original loan agreement with MLK New Look, LLC payments of principal and interest were supposed to commence fifteen (15) years after the date of the Note evidencing the Loan; however, during negotiations on transfer of the property to the Housing Authority TCRA agreed to defer any principal and interest payments until such time that the loans were either entirely forgiven or terms were renegotiated. Total interest and principal balances on the loans at year-end was \$787,897 for the HOME loan and \$110,000 on the CDBG loan. No interest or principal payments were made during the year. On January 19, 2018 as part of the sale of the MLK New Look apartments to the Alberta J. Canada LLLP, the CDBG loan was forgiven, the accrued interest on the HOME loan was forgiven, and the principal balance of the HOME loan was paid off from the sales proceeds.

The Housing Authority was awarded the James Center Washington State Housing Finance Commission loan to assist in financing the purchase of the James Center North commercial real estate for future development of affordable housing units. No interest or principal payments are due on this Note until maturity after eight years if the terms and conditions of the loan agreement are met. The Note is secured by a leasehold deed of trust on the property. The annual interest rate is one percent. After any non-monetary or monetary default under this Note, the Note will bear interest at the prevailing market rate, defined as 2.00% in excess of the weekly average yield on the 10 year U.S. Treasury Securities. At maturity or upon sale of the property the entire principal balance is due.

For the James Center North property acquisition the Housing Authority also was issued the \$3.95 million James Center Enterprise Community Loan Fund Note. No principal payments are required on this note for four years at which time the outstanding principal has to be reduced to \$3.00 million if it has not already been reduced by the partial sale of the James Center North lots. The remainder of the principal is due after six years, with one optional extension of 12 months. The annual interest rate on the Note is 3.89% and is payable throughout the term of the Note. Principal and interest paid for the current fiscal year were \$0 and \$29,045 respectively.

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

c. Changes in Long Term Liabilities

During the year ended December 31, 2017, the following changes occurred in long-term liabilities for the Housing Authority:

	Beginning Balance 1/1/2017	Additions	Reductions	Ending Balance 12/31/2017	Due Within One Year
Bonds Payable	\$ 2,586,304	\$ 6,400,000	\$ (57,051)	\$ 8,929,253	\$ 58,813
Notes Payable	54,451,592	27,362,054	(2,302,718)	79,510,928	41,963,020
Net Pension Liability	7,078,581		(1,215,923)	5,862,658	-
Unearned Rev - Op Lease	966,567	-	(14,267)	952,300	14,267
Interest Payable	405,606	41,301	(6,681)	440,226	423,991
Compensated Absences	776,491	811,739	(565,794)	1,022,436	49,057
FSS Escrows	99,521	156,125	(109,558)	146,088	-
Totals	\$ 66,364,662	\$ 34,771,219	\$ (4,271,992)	\$ 96,863,889	\$ 42,509,148

d. Arbitrage Compliance

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

Discretely Presented Component Units

a. Real Estate Mortgages

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

The Real Estate Mortgages outstanding as of December 31, 2017 were:

Purpose / Property	Original Amount	Date Issued	Final Maturity	Interest Rate	Amount Outstanding
Salishan IV - B of A	880,000	12/28/2009	1/1/2020	7.10%	244,449
Salishan V - Berkadia A	1,577,205	8/13/2010	9/1/2025	6.56%	1,471,138
Salishan V - Berkadia B	654,660	8/13/2010	9/1/2020	6.46%	226,502
Salishan VI - WCRA	3,236,065	8/18/2010	7/1/2048	6.25%	3,002,028
Bay Terrace I - Chase	3,525,946	4/10/2015	4/3/2033	4.74%	3,376,883
Bay Terrace II - Chase	3,750,000	4/19/2016	4/19/2034	4.08%	3,725,000
Total	<u>\$13,623,876</u>				<u>\$12,046,000</u>

Mortgage debt service requirements to maturity are as follows:

Year Ending December 31	Principal	Interest	Total
2018	\$ 301,320	\$ 491,591	\$ 792,911
2019	370,113	601,217	971,330
2020	261,881	583,010	844,891
2021	188,198	569,859	758,057
2022	198,096	559,960	758,056
2023 - 2027	2,364,977	2,448,233	4,813,210
2028 - 2032	3,351,626	1,957,813	5,309,439
2033 - 2037	3,310,440	765,817	4,076,257
2038 - 2042	668,611	433,735	1,102,346
2043 - 2047	913,141	189,204	1,102,345
2048 - 2052	117,597	2,328	119,925
Total	<u>\$12,046,000</u>	<u>\$8,602,767</u>	<u>\$20,648,767</u>

b. Notes Payable

The Discretely Presented Component Units have long-term notes payable secured by capital assets. These notes were used to acquire capital assets that provide affordable housing and are mostly included in the notes payable balances to the Housing Authority (see the Housing Authority's Notes Receivable described in [Note 6](#) above).

The Notes Payable outstanding as of December 31, 2017 were:

Purpose / Property	Original Amount	Date Issued	Final Maturity	Interest Rate	Amount Outstanding
Hillside Terrace I - THA	\$ 2,542,167	12/18/2002	12/18/2047	0.00%	\$ 2,069,212
Hillside Terrace II - THA	2,039,154	2/19/2004	3/4/2058	4.94%	442,994
Hillside Terrace II - CTED	250,000	4/1/2003	4/1/2044	3.00%	198,528
Hillside 1500 Block - THA A Loan	510,000	5/5/2005	5/5/2060	4.94%	510,000
Hillside 1500 Block - THA B Loan	452,418	5/5/2005	5/5/2055	0.50%	452,418
Salishan I - Housing Trust Fund	1,500,000	12/23/2004	2/28/2046	0 - 0.50%	1,419,375
Salishan I - AHP (THA)	629,910	1/13/2005	1/13/2045	0.10%	629,910
Salishan I - THA A Loan	2,501,137	1/13/2005	12/31/2059	5.34%	2,381,557
Salishan I - THA B Loan	750,000	1/13/2005	12/31/2059	4.00%	750,000
Salishan II - Housing Trust Fund	1,500,000	12/23/2004	7/31/2046	0 - 0.50%	1,423,125
Salishan II - AHP (THA)	629,910	1/13/2005	1/13/2045	0.10%	629,910
Salishan II - THA A Loan	1,559,168	1/13/2005	12/31/2059	5.34%	1,328,845
Salishan II - THA B Loan	400,000	1/13/2005	12/31/2059	4.00%	400,000
Salishan III - Housing Trust Fund	1,500,000	11/2/2005	12/31/2046	0 - 0.50%	1,425,000
Salishan III - AHP (THA)	629,910	11/2/2005	11/1/2060	5.21%	629,910
Salishan III - THA A Loan	3,868,514	11/2/2005	11/1/2060	4.90%	3,868,514
Salishan IV - Housing Trust Fund	1,500,000	6/21/2007	3/31/2049	0 - 0.50%	1,441,875
Salishan IV - THA A Loan	3,270,462	6/28/2007	6/30/2064	4.90%	3,270,461
Salishan IV - HOME (TCRA)	1,000,000	6/28/2007	6/30/2049	0.00%	1,000,000
Salishan IV - SHB2060 (Pierce Co.)	300,000	6/28/2007	6/30/2049	0.00%	300,000
Salishan V - Housing Trust Fund	1,500,000	6/26/2008	12/31/2049	0 - 0.50%	1,447,500
Salishan V - THA A Loan	4,058,166	6/26/2008	6/30/2063	5.50%	3,897,823
Salishan V - SHB2060 (Pierce Co.)	213,308	6/26/2008	6/30/2063	0.00%	213,308
Salishan V - United Way (TCRA)	190,000	6/26/2008	6/30/2063	0.00%	190,000
Salishan VI - Housing Trust Fund	2,000,000	10/15/2008	12/31/2049	0 - 0.50%	1,932,500
Salishan VI - THA A Loan	1,185,221	10/15/2008	10/15/2065	6.30%	981,090
Salishan VI - THA B Loan	1,018,278	10/15/2008	10/15/2065	6.30%	914,030
Bay Terrace I - HOME (TCRA)	1,065,342	4/3/2013	4/3/2053	0.00%	1,065,342
Bay Terrace I - Housing Trust Fund	2,010,019	4/3/2013	5/31/2054	0.50%	2,010,019
Bay Terrace I - THA A Loan	6,344,486	4/3/2013	4/3/2068	0.75%	6,260,995
Bay Terrace I - THA Subsidy Reserve Loan	532,604	1/20/2015	4/3/2068	0.00%	180,891
Bay Terrace II - THA A Loan	400,000	4/19/2016	4/1/2056	8.00%	400,000
Bay Terrace II - THA B Loan (CDBG)	100,000	4/19/2016	4/1/2056	8.00%	100,000
Bay Terrace II - HOME (TCRA)	1,000,000	4/19/2017	5/1/2071	2.00%	1,000,000
Bay Terrace II - Chase Construction Loan	18,499,439	4/19/2016	10/19/2018	LIBO+2.50%	14,068,139
Renew Tacoma Housing - THA A Loan	24,640,000	4/1/2016	4/1/2066	4.25%-5.25%	24,640,000
Renew Tacoma Housing - THA B Loan	6,000,000	4/1/2016	4/1/2066	4.25%-5.25%	-
Renew Tacoma Housing - THA C Loan	8,500,000	4/1/2016	4/1/2066	4.25%-5.25%	8,500,000
Renew Tacoma Housing - Citibank Constr L	45,000,000	4/19/2016	11/30/2018	2.82%	41,418,746
Total	\$ 151,589,613				\$ 133,792,017

Notes payable debt service requirements to maturity are as follows:

Year Ending December 31	Principal	Interest	Total
2018	\$ 55,538,010	\$ 1,621,530	\$ 57,159,540
2019	57,094	40,423	97,517
2020	63,215	35,804	99,019
2021	108,606	42,312	150,918
2022	199,332	55,381	254,713
2023 - 2027	1,486,466	327,746	1,814,212
2028 - 2032	1,818,691	320,005	2,138,696
2033 - 2037	2,114,961	262,955	2,377,916
2038 - 2042	2,422,986	194,176	2,617,162
2043 - 2047	5,557,021	171,270	5,728,291
2048 - 2052	2,280,644	1,567,219	3,847,863
2053 - 2057	2,386,673	1,747,596	4,134,269
2058 - 2062	10,429,453	28,103,568	38,533,021
2063 - 2067	42,736,593	219,000,257	261,736,850
2068 - 2072	6,592,272	2,543,361	9,135,633
Total	\$ 133,792,017	\$ 256,033,603	\$ 389,825,620

c. Operating Loans and Developer Agreements

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

The operating loans and developer fees outstanding as of December 31, 2017 were:

Purpose / Property	Original Amount	Date Issued	Final Maturity	Interest Rate	Amount Outstanding
Hillside Terrace I - Operating Deficit Loan THA	\$ 333,534	12/31/2010	12/31/2019	0.00%	\$ 333,534
Hillside Terrace II - Operating Deficit Loan THA	142,374	12/31/2011	12/31/2019	0.00%	142,374
Hillside 1500 Block - Operating Deficit Loan THA	133,692	12/31/2008	12/31/2020	0.00%	133,692
Salishan V - Operating Deficit Loan THA	63,000	12/31/2015	12/31/2023	0.00%	63,000
Bay Terrace I - Developer Fee THA	2,078,243	4/3/2013	12/31/2028	0.00%	291,691
Bay Terrace II - Developer Fee THA	1,600,000	4/1/2016	12/31/2032	0.00%-8.00%	1,600,000
Renew Tacoma Hsg - Developer Fee THA	10,000,000	4/1/2016	12/31/2033	0.00%	6,985,000
Total	\$ 14,350,843				\$ 9,549,291

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

Year Ending December 31	Principal	Interest	Total
2018	\$ 7,900,577	\$ -	\$ 7,900,577
2019	475,909	-	475,909
2020	133,692	-	133,692
2021	-	-	-
2022	-	-	-
2023 - 2027	747,423	-	747,423
2028 - 2032	291,690	-	291,690
Total	\$ 9,549,291	\$ -	\$ 9,549,291

d. Changes in Long Term Liabilities

During the year ended December 31, 2017, the following changes occurred in long-term liabilities for the Discretely Presented Component Units:

	Beginning Balance 1/1/2017	Additions	Reductions	Ending Balance 12/31/2017	Due Within One Year
Notes Payable to THA	\$ 99,971,727	\$ 19,412,052	\$ (659,902)	\$ 118,723,877	\$ 41,469,870
Debt Issuance Costs ¹⁾	(532,862)	(589,044)	7,550	(1,114,356)	(3,292)
Notes Payable to THA, Net	99,438,865	18,823,008	(652,352)	117,609,521	41,466,578
Operating Loans Payable to THA	6,145,678	4,444,634	(1,041,021)	9,549,291	7,900,577
Interest on Notes Payable to THA	12,323,664	3,186,558	(85,079)	15,425,143	307,367
Prtnrshp Mgmt Fees to THA	259,105	70,703	(8,677)	321,131	18,071
Total Payable to THA	118,167,312	26,524,903	(1,787,129)	142,905,086	49,692,593
Notes Payable to Others	10,272,930	4,795,210	-	15,068,140	14,068,140
Interest Payable to Others	10,868	19,488	-	30,356	30,356
Mortgages Payable	8,745,551	3,725,000	(424,551)	12,046,000	301,320
Debt Issuance Costs ¹⁾	(196,095)	(12,830)	23,139	(185,786)	(21,300)
Mortgages Payable, Net	8,549,456	3,712,170	(401,412)	11,860,214	280,020
FSS Escrows	23,717	22,250	(31,146)	14,821	-
Total	\$ 137,024,283	\$ 35,074,021	\$ (2,219,687)	\$ 169,878,617	\$ 64,071,109

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

NOTE 9 – CONDUIT DEBT

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

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

Name of Non-Governmental Entity	Project Description	Date of Issuance	Original Issue Amount	Outstanding Balance
South Hill Associates (2001) Ltd Partnership	To construct a 279-unit apartment complex known as Sunset Village for low-income elderly tenants	17-May-01	\$ 13,250,000	\$ 13,050,000
Metropolitan Development Council - Parkland Family Vista, LLC	40-unit project serving low-income families known as Parkland Apartments	14-Dec-05	3,400,000	849,745

NOTE 10 – PENSION PLANS

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

Aggregate Pension Amounts - All Plans

Pension liabilities	\$	5,862,658
Pension assets		-
Deferred outflows of resources		1,058,673
Deferred inflows of resources		983,453
Pension expense/expenditures		810,818

State Sponsored Pension Plans

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

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

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

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

Public Employees' Retirement System (PERS)

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

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

Contributions

The **PERS Plan 1** member contribution rate is established by State statute at 6 percent. The employer contribution rate is developed by the Office of the State Actuary and includes an administrative expense component that is currently set at 0.18 percent. Each biennium, the state Pension Funding Council adopts Plan 1 employer contribution rates. The PERS Plan 1 required contribution rates (expressed as a percentage of covered payroll) for 2017 were as follows:

PERS Plan 1 Actual Contribution Rates		
	Employer	Employee
January - June 2017:		
PERS Plan 1	6.23%	6.00%
PERS Plan 1 UAAL	4.77%	
Administrative Fee	0.18%	
Total	11.18%	6.00%
July - December 2017:		
PERS Plan 1	7.49%	6.00%
PERS Plan 1 UAAL	5.03%	
Administrative Fee	0.18%	
Total	12.70%	6.00%

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 2017 were as follows:

PERS Plan 2/3 Actual Contribution Rates			
	Employer 2/3	Employee 2	Employee 3
January - June 2017:			
PERS Plan 2/3	6.23%	6.12%	5-15%
PERS Plan 1 UAAL	4.77%		
Administrative Fee	0.18%		
Total	11.18%	6.12%	5-15%
July - December 2017:			
PERS Plan 2/3	7.49%	6.12%	5-15%
PERS Plan 1 UAAL	5.03%		
Administrative Fee	0.18%		
Total	12.70%	6.12%	5-15%

The Housing Authority's actual contributions were \$412,901 to PERS Plan 1 and \$556,796 to PERS Plan 2/3 for the year ended December 31, 2017.

Actuarial Assumptions

The total pension liability (TPL) for each of the DRS plans was determined using the most recent actuarial valuation completed in 2017 with a valuation date of June 30, 2016. 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* and the *2015 Economic Experience Study*.

Additional assumptions for subsequent events and law changes are current as of the 2016 actuarial valuation report. The TPL was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2017. Plan liabilities were rolled forward from June 30, 2016, to June 30, 2017, reflecting each plan's normal cost (using the entry-age cost method), assumed interest and actual benefit payments.

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

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

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

- For all plans, how terminated and vested member benefits are valued was corrected.
- How the basic minimum COLA in PERS Plan 1 is valued for legal order payees was improved.
- For all plans, the average expected remaining service lives calculation was revised.

Discount Rate

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

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

Long-Term Expected Rate of Return

The long-term expected rate of return on the DRS pension plan investments of 7.5 percent was determined using a building-block-method. In selecting this assumption, the Office of the State Actuary (OSA) reviewed the historical experience data, considered the historical conditions that produced past annual investment returns, and considered capital market assumptions and simulated expected investment returns provided by the Washington State Investment Board (WSIB). The WSIB uses the capital market assumptions and their target asset allocation to simulate future investment returns over various time horizons.

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, 2017, 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%	4.90%
Real Estate	15%	5.80%
Global Equity	37%	6.30%
Private Equity	23%	9.30%
	100%	

Sensitivity of Net Pension Liability/(Asset)

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

Pension Plan	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
PERS 1	\$ 3,734,782	\$ 3,065,842	\$ 2,486,397
PERS 2/3	\$ 7,534,916	\$ 2,796,816	\$ (1,085,354)

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, 2017, the Housing Authority reported a total pension liability of \$5,862,658 for its proportionate share of the net pension liabilities as follows:

Pension Plan	Liability (or Asset)
PERS 1	\$ 3,065,842
PERS 2/3	2,796,816
TOTAL	<u>\$ 5,862,658</u>

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

Pension Plan	Proportionate Share 6/30/16	Proportionate Share 6/30/17	Change in Proportion
PERS 1	0.061051%	0.064611%	0.003560%
PERS 2/3	0.075470%	0.080495%	0.005025%

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

The collective net pension liability (asset) was measured as of June 30, 2017, and the actuarial valuation date on which the total pension liability (asset) is based was as of June 30, 2016, with update procedures used to roll forward the total pension liability to the measurement date.

Pension Expense

For the year ended December 31, 2017, the Housing Authority recognized pension expense as follows:

Pension Plan	Pension Expense
PERS 1	\$ 372,729
PERS 2/3	438,089
TOTAL	<u>\$ 810,818</u>

Deferred Outflows of Resource and Deferred Inflows of Resources

At December 31, 2017 the Housing Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

PERS 1	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ -
Net difference between projected and actual investment earnings on pension plan investments	-	(114,409)
Changes of assumptions	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	-
Contributions subsequent to the measurement date	208,677	-
TOTAL	<u>\$ 208,677</u>	<u>\$ (114,409)</u>

PERS 2	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 283,383	\$ (91,982)
Net difference between projected and actual investment earnings on pension plan investments	-	(745,564)
Changes of assumptions	29,707	-
Changes in proportion and differences between contributions and proportionate share of contributions	245,315	(31,497)
Contributions subsequent to the measurement date	291,591	-
TOTAL	<u>\$ 849,996</u>	<u>\$ (869,043)</u>

Total of All Plans	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 283,383	\$ (91,982)
Net difference between projected and actual investment earnings on pension plan investments	-	(859,973)
Changes of assumptions	29,707	-
Changes in proportion and differences between contributions and proportionate share of contributions	245,315	(31,497)
Contributions subsequent to the measurement date	500,268	-
TOTAL	<u>\$ 1,058,673</u>	<u>\$ (983,452)</u>

Deferred outflows of resources related to pensions resulting from the Housing Authority's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2018. 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
2018	\$ (77,333)	\$ (238,911)
2019	24,415	111,630
2020	(5,669)	(38,322)
2021	(55,822)	(270,510)
2022	-	54,555
Thereafter	-	70,920
TOTAL	<u>\$ (114,409)</u>	<u>\$ (310,638)</u>

NOTE 11 – COMPONENT UNITS

Blended Component Unit

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

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

CONDENSED STATEMENT OF NET POSITION	
	THDG
Assets	
Current Assets	
Receivable from Housing Authority	-
Other Current Assets	731,193
Total Current Assets	<u>731,193</u>
Capital Assets	-
Other Assets	-
Total Assets	<u>731,193</u>
Liabilities	
Current Liabilities	
Payable to Housing Authority	3,603
Other Current Liabilities	-
Total Current Liabilities	<u>3,603</u>
Long-Term Liabilities	-
Total Liabilities	<u>3,603</u>
Net Position	
Net Investment in Capital Assets	-
Restricted	-
Unrestricted	727,590
Total Net Position	<u><u>727,590</u></u>

CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION	
Operating Revenue	
Contributions & Donations	424,567
Other Revenues	-
Total Operating Revenue	<u>424,567</u>
Operating Expenses	
Administration	34,089
Tenant Services	7,504
Contracted Services	8,475
Other Operating Expenses	73
Total Operating Expenses	<u>50,141</u>
Operating Income/(Loss)	<u>374,426</u>
Nonoperating Revenues/(Expenses)	
Investment Income	1,605
Total Nonoperating Revenues/(Expenses)	<u>1,605</u>
Transfers from Housing Authority	-
Change in Net Position	376,031
Beginning Net Position	<u>351,559</u>
Ending Net Position	<u><u>727,590</u></u>

CONDENSED STATEMENT OF CASH FLOWS	
Net Cash Provided/(Used) by Operating Activities	577,664
Net Cash Provided/(Used) by Noncapital Financing Activities	-
Net Cash Provided/(Used) by Capital and Related Financing Activities	-
Net Cash Provided/(Used) by Investing Activities	1,605
Net Increase/(Decrease) in Cash and Cash Equivalents	<u>579,269</u>
Beginning Cash and Cash Equivalent Balance	151,924
Ending Cash and Cash Equivalent Balance	<u><u>731,193</u></u>

Discretely Presented Component Units

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

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

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

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

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

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

The Housing Authority usually earns a developer fee for its role in bringing the tax credit property to completion. Developer fees are primarily paid by tax credit investor contributions, development financing and available cash flows. Under the various partnership agreements, any outstanding developer fees are required to be paid within 15 years of the placed-in-service date of the property. The Housing Authority's Operating Revenues for 2017 included \$4,352,217 in developer fees included in Other Revenue.

Under management agreements with the discretely presented component units the Housing Authority acts as managing agent for the operations of the properties. Under these management agreements the Housing Authority is reimbursed for payroll expenses incurred to operate and maintain these properties, which is recognized as operating revenue. The Housing Authority's Operating Revenues for 2017 included in Other Revenue \$2,626,150 in payroll reimbursements from the discretely presented component units.

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

Tax Credit Project	Management Fees	Co/Prtnrship Mgmt Fees	Total
Bay Terrace I	\$ 48,221	\$ 12,020	\$ 60,241
Bay Terrace II	22,485	-	22,485
Hillside Terrace I	8,806	5,000	13,806
Hillside Terrace II	11,199	5,000	16,199
Hillside Terrace 1500	8,854	12,668	21,522
Renew Tacoma Housing	285,828	-	285,828
Salishan One	54,636	-	54,636
Salishan Two	57,053	-	57,053
Salishan Three	46,639	-	46,639
Salishan Four	62,226	13,629	75,855
Salishan Five	61,989	13,168	75,157
Salishan Six	66,685	12,723	79,408
Total	<u>\$ 734,621</u>	<u>\$ 74,208</u>	<u>\$ 808,829</u>

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

	Hillside Terrace I	Hillside Terrace II	Hillside Terrace 1500 Block	Salishan One
CONDENSED STATEMENTS OF NET POSITION				
Assets				
Current Assets	\$ 50,053	\$ 105,684	\$ 148,234	\$ 30,839
Restricted Assets	310,641	210,295	180,064	785,023
Capital Assets	1,580,477	1,634,663	1,755,808	9,898,494
Other Assets	-	2,030	4,237	28,008
Total Assets	1,941,171	1,952,672	2,088,343	10,742,364
Liabilities				
Current Liabilities	18,174	45,330	10,042	102,429
Current Due to Housing Authority	22,685	10,883	33,537	27,336
Noncurrent Due to Housing Authority	2,304,292	1,142,126	1,298,189	7,402,199
Other Noncurrent Liabilities	-	38,322	121,174	3,200
Total Liabilities	2,345,151	1,236,661	1,462,942	7,535,164
Net Position				
Net Investment in Capital Assets	(390,280)	993,141	832,496	4,747,652
Restricted	304,889	204,492	175,796	753,043
Unrestricted	(318,589)	(481,622)	(382,891)	(2,293,495)
Total Net Position	\$ (403,980)	\$ 716,011	\$ 625,401	\$ 3,207,200
CONDENSED STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION				
Operating Income (Loss)				
Tenant Revenues	\$ 71,889	\$ 147,142	\$ 136,799	\$ 662,646
Other Revenues	62,618	37,953	13,424	136,682
Depreciation Expense	(76,979)	(86,372)	(69,229)	(390,360)
Other Operating Expenses	(167,522)	(211,146)	(128,244)	(740,280)
Total Operating Income (Loss)	(109,994)	(112,423)	(47,250)	(331,312)
Nonoperating Revenue (Expense)				
Investment Income	1,283	1,132	1,223	3,206
Interest Expense	(3,202)	(27,928)	(28,503)	(157,805)
Capital Contributions/(Distributions)	-	-	-	-
Change in Net Position	(111,913)	(139,219)	(74,530)	(485,911)
Net Position - Beginning of Year	(292,067)	855,230	699,931	3,693,111
Net Position - End of Year	\$ (403,980)	\$ 716,011	\$ 625,401	\$ 3,207,200

	Salishan Two	Salishan Three	Salishan Four	Salishan Five
CONDENSED STATEMENTS OF NET POSITION				
Assets				
Current Assets	\$ 73,425	\$ 514,696	\$ 224,204	\$ 53,851
Restricted Assets	773,594	860,998	833,302	772,990
Capital Assets	9,909,292	12,052,880	13,487,480	13,599,240
Other Assets	31,803	39,165	55,907	92,317
Total Assets	10,788,114	13,467,739	14,600,893	14,518,398
Liabilities				
Current Liabilities	65,137	76,927	153,769	178,459
Current Due to Housing Authority	39,660	286,498	22,899	149,989
Noncurrent Due to Housing Authority	5,455,256	7,720,539	8,465,193	7,200,224
Other Noncurrent Liabilities	1,900	2,600	162,822	1,612,026
Total Liabilities	5,561,953	8,086,564	8,804,683	9,140,698
Net Position				
Net Investment in Capital Assets	6,127,412	6,159,456	7,235,320	6,227,765
Restricted	744,289	831,006	803,187	742,769
Unrestricted	(1,645,540)	(1,609,287)	(2,242,297)	(1,592,834)
Total Net Position	\$ 5,226,161	\$ 5,381,175	\$ 5,796,210	\$ 5,377,700

CONDENSED STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION				
Operating Income (Loss)				
Tenant Revenues	\$ 675,994	\$ 776,275	\$ 763,191	\$ 743,435
Other Revenues	156,282	135,571	142,586	158,983
Depreciation Expense	(399,600)	(452,078)	(502,578)	(520,486)
Other Operating Expenses	(765,819)	(637,065)	(729,939)	(711,428)
Total Operating Income (Loss)	(333,143)	(177,297)	(326,740)	(329,496)
Nonoperating Revenue (Expense)				
Investment Income	3,190	4,589	3,311	2,570
Interest Expense	(87,592)	(225,328)	(393,972)	(339,592)
Capital Contributions/(Distributions)	-	-	-	-
Change in Net Position	(417,545)	(398,036)	(717,401)	(666,518)
Net Position - Beginning of Year	5,643,706	5,779,211	6,513,611	6,044,218
Net Position - End of Year	\$ 5,226,161	\$ 5,381,175	\$ 5,796,210	\$ 5,377,700

	Salishan Six	2500 Yakima	2500 Crt G	Renew Tacoma Housing	TOTALS
CONDENSED STATEMENTS OF NET POSITION					
Assets					
Current Assets	\$ 109,632	\$ 78,751	\$ 115,619	\$ 2,430,101	\$ 3,935,089
Restricted Assets	1,057,942	775,705	100,105	1,766,044	8,426,703
Capital Assets	13,799,949	20,591,705	21,269,701	79,470,199	199,049,888
Other Assets	89,159	88,839	141,231	351,839	924,535
Total Assets	15,056,682	21,535,000	21,626,656	84,018,183	212,336,215
Liabilities					
Current Liabilities	106,657	130,800	15,022,055	2,630,988	18,540,767
Current Due to Housing Authority	33,266	34,813	982,897	48,832,943	50,477,406
Noncurrent Due to Housing Authority	5,467,744	9,947,588	1,247,991	35,258,092	92,909,433
Other Noncurrent Liabilities	2,927,901	3,315,961	4,712,169	-	12,898,075
Total Liabilities	8,535,568	13,429,162	21,965,112	86,722,023	174,825,681
Net Position					
Net Investment in Capital Assets	7,055,728	7,488,752	389,391	(3,713,922)	43,152,911
Restricted	1,030,565	753,797	80,004	1,657,021	8,080,858
Unrestricted	(1,565,179)	(136,711)	(807,851)	(646,939)	(13,723,235)
Total Net Position	\$ 6,521,114	\$ 8,105,838	\$ (338,456)	\$ (2,703,840)	\$ 37,510,534

CONDENSED STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION					
Operating Income (Loss)					
Tenant Revenues	\$ 807,860	\$ 719,994	\$ 257,547	\$ 4,744,647	\$ 10,507,419
Other Revenues	164,046	63,835	22	17,073	1,089,075
Depreciation Expense	(543,522)	(684,096)	(276,651)	(1,776,808)	(5,778,759)
Other Operating Expenses	(690,132)	(571,516)	(227,432)	(3,219,405)	(8,799,928)
Total Operating Income (Loss)	(261,748)	(471,783)	(246,514)	(234,493)	(2,982,193)
Nonoperating Revenue (Expense)					
Investment Income	4,362	1,875	171	12,259	39,171
Interest Expense	(452,780)	(225,565)	(292,113)	(2,046,593)	(4,280,973)
Capital Contributions/(Distributions)	-	-	-	-	-
Change in Net Position	(710,166)	(695,473)	(538,456)	(2,268,827)	(7,223,995)
Net Position - Beginning of Year	7,231,280	8,801,311	200,000	(435,013)	44,734,529
Net Position - End of Year	\$ 6,521,114	\$ 8,105,838	\$ (338,456)	\$ (2,703,840)	\$ 37,510,534

NOTE 12 – RELATED PARTY TRANSACTIONS

As described in the notes above ([Note 1](#) and [Note 11](#)), the Housing Authority entered into agreements with its discretely presented component units and investors who are taking advantage of the federal tax credit program that provides tax incentives for investing in low-income housing. The Housing Authority is allocated about .01% of all profits, losses, and tax credits pursuant to the terms of the partnership or operating agreements, with the remainder allocated to the investor partner/member.

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

Most resources provided by the Housing Authority for these construction and rehabilitation costs are provided to the properties in the form of loans. These loans are accounted for as notes receivable from the partnerships in the Housing Authority's financial statements. A summary of the Housing Authority's long-term debt is presented in [Note 8](#). A summary of the notes receivable from the partnerships is presented in [Note 6](#).

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

Hillside Terrace Phase I, LP

Regulatory and Operating (R&O) Agreement

On December 18, 2002 the partnership entered into an R&O Agreement with the Housing Authority. Pursuant to the R&O Agreement all 21 of the property's residential units shall be maintained and operated continuously as public housing units in conformity with applicable public housing requirements. The Housing Authority is required to make operating subsidy payments to the property up to the amount it receives from HUD for this property, provided the units remain in compliance with the applicable public housing requirements. For the year ended December 31, 2017 the partnership received operating subsidy of \$62,618 from the Housing Authority.

Operating Deficits

On December 18, 2002 the partnership entered into an Agreement Regarding Financial Obligations with the Housing Authority. Pursuant to this agreement the Housing Authority's obligations to advance funds to or for the benefit of the partnership is limited to \$250,000. However, in the event that obligations would require a further advance of funds to the partnership and the Housing Authority does not voluntarily advance funds to satisfy the obligations, the Special Limited Partner would have the right to remove and replace the General Partner (the Housing Authority) in accordance with the provisions of the partnership agreement. As of December 31, 2017 the Housing Authority had advanced \$333,535 to the partnership of which \$0 was to be paid back to the Housing Authority from available cash flows in 2018.

Advances Payable

The Housing Authority paid expenses on behalf of the Partnership. Such advances are unsecured, do not bear interest, and are expected to be repaid from operations within a few months. As of December 31, 2017, the balance payable to the Housing Authority was \$17,685.

Hillside Terrace Phase II, LP

R&O Agreement

On March 4th, 2003 the partnership entered into an R&O Agreement with the Housing Authority. Pursuant to the R&O Agreement 12 of the 25 residential units are obligated to be maintained and operated as public housing units in accordance with the applicable public housing requirements outlined in the agreement. The Housing Authority is required to make operating subsidy payments to the property up to

the amount it receives from HUD for this property, provided the units remain in compliance with the applicable public housing requirements. For the year ended December 31, 2017 the partnership received operating subsidy of \$37,953 from the Housing Authority.

Project-based Housing Assistance Payment (HAP) Contract

In 2003 the partnership entered into a ten-year HAP Contract with the Housing Authority for project-based assistance, which was extended for ten years in 2013. Pursuant to the HAP Contract the Housing Authority will make rental assistance payments on behalf of residents for 8 units. In addition, the Housing Authority houses tenants from its tenant-based Section 8 program in the remaining 5 units providing additional rental assistance payments. The rental assistance payments are included in Net Tenant Rental Revenue in the accompanying Statement of Revenues, Expenses and Changes in Net Position. For the year ended December 31, 2017 the partnership received rental assistance payments of \$67,128 from the Housing Authority.

Operating Deficits

On December 18, 2002 the partnership entered into an Agreement Regarding Financial Obligations with the Housing Authority. Pursuant to this agreement the Housing Authority's obligations to advance funds to or for the benefit of the partnership is limited to \$400,000. However, in the event that obligations would require a further advance of funds to the partnership and the Housing Authority does not voluntarily advance funds to satisfy the obligations, the Special Limited Partner would have the right to remove and replace the General Partner (the Housing Authority) in accordance with the provisions of the partnership agreement. As of December 31, 2017 the Housing Authority had advanced \$142,374 to the partnership of which nothing was to be paid back to the Housing Authority from available cash flows in 2018.

Advances Payable

The Housing Authority paid expenses on behalf of the Partnership. Such advances are unsecured, do not bear interest, and are expected to be repaid from operations within a few months. As of December 31, 2017, the balance payable to the Housing Authority was \$7,259.

Hillside Terrace 1500 LP

R&O Agreement

On May 5th, 2005 the partnership entered into an R&O Agreement with the Housing Authority. Pursuant to the R&O Agreement 4 of the 16 residential units are required to be maintained and operated as public housing units in accordance with the applicable public housing requirements outlined in the agreement. The Housing Authority is obligated to make operating subsidy payments to the property up to the amount it receives from HUD for this property, provided the units remain in compliance with the applicable public housing requirements. For the year ended December 31, 2017 the partnership received operating subsidy of \$13,424 from the Housing Authority.

Project-based Housing Assistance Payment (HAP) Contract

In 2005 the partnership entered into a ten-year HAP Contract with the Housing Authority for project-based assistance, which was extended for ten years in 2015. Pursuant to the HAP Contract the Housing Authority will make rental assistance payments on behalf of residents for 4 units. In addition, the Housing Authority houses tenants from its tenant-based Section 8 program in the remaining 8 units providing additional rental assistance payments. The rental assistance payments are included in Net Tenant Rental Revenue in the accompanying Statement of Revenues, Expenses and Changes in Net Position. For the year ended December 31, 2017 the partnership received rental assistance payments of \$86,134 from the Housing Authority.

Operating Deficits

On May 5th, 2005 the partnership entered into the Amended and Restated Agreement of Limited Partnership with the Housing Authority. Pursuant to this agreement the Housing Authority is required to advance funds to cover operating deficits. As of December 31, 2017 the Housing Authority had advanced \$133,692 to the partnership of which nothing was to be paid back to the Housing Authority from available cash flows in 2018.

Advances Payable

The Housing Authority paid expenses on behalf of the Partnership. Such advances are unsecured, do not bear interest, and are expected to be repaid from operations within a few months. As of December 31, 2017, the balance payable to the Housing Authority was \$728.

Salishan One LLC

R&O Agreement

On January 13th, 2005 the limited liability company (“company”) entered into an R&O Agreement with the Housing Authority. Pursuant to the R&O Agreement 55 of the 90 residential units are required to be maintained and operated as public housing units in accordance with the applicable public housing requirements outlined in the agreement. The Housing Authority is obligated to make operating subsidy payments to the property up to the amount it receives from HUD for this property, provided the units remain in compliance with the applicable public housing requirements. For the year ended December 31, 2017 the company received operating subsidy of \$136,682 from the Housing Authority.

Project-based Housing Assistance Payment (HAP) Contract

In 2005 the company entered into a ten-year HAP Contract with the Housing Authority for project-based assistance, which was extended for ten years in 2015. Pursuant to the HAP Contract the Housing Authority will make rental assistance payments on behalf of residents for 35 units. The rental assistance payments are included in Net Tenant Rental Revenue in the accompanying Statement of Revenues, Expenses and Changes in Net Position. For the year ended December 31, 2017 the company received rental assistance payments of \$382,773 from the Housing Authority.

Advances Payable

The Housing Authority paid expenses on behalf of the company. Such advances are unsecured, do not bear interest, and are expected to be repaid from operations within a few months. As of December 31, 2017, the balance payable to the Housing Authority was \$19,836.

Salishan Two LLC

R&O Agreement

On January 13th, 2005 the limited liability company (“company”) entered into an R&O Agreement with the Housing Authority. Pursuant to the R&O Agreement 55 of the 90 residential units are required to be maintained and operated as public housing units in accordance with the applicable public housing requirements outlined in the agreement. The Housing Authority is obligated to make operating subsidy payments to the property up to the amount it receives from HUD for this property, provided the units remain in compliance with the applicable public housing requirements. For the year ended December 31, 2017 the company received operating subsidy of \$156,162 from the Housing Authority.

Project-based Housing Assistance Payment (HAP) Contract

In 2005 the company entered into a ten-year HAP Contract with the Housing Authority for project-based assistance, which was extended for ten years in 2015. Pursuant to the HAP Contract the Housing Authority will make rental assistance payments on behalf of residents for 34 units. The rental assistance payments are included in Net Tenant Rental Revenue in the accompanying Statement of Revenues, Expenses and Changes in Net Position. For the year ended December 31, 2017 the company received rental assistance payments of \$367,136 from the Housing Authority.

Advances Payable

The Housing Authority paid expenses on behalf of the company. Such advances are unsecured, do not bear interest, and are expected to be repaid from operations within a few months. As of December 31, 2017, the balance payable to the Housing Authority was \$18,204.

Salishan Three LLC

R&O Agreement

On November 2nd, 2005 the limited liability company (“company”) entered into an R&O Agreement with the Housing Authority. Pursuant to the R&O Agreement 45 of the 90 residential units are required to be maintained and operated as public housing units in accordance with the applicable public housing requirements outlined in the agreement. The Housing Authority is obligated to make operating subsidy payments to the property up to the amount it receives from HUD for this property, provided the units remain in compliance with the applicable public housing requirements. For the year ended December 31, 2017 the company received operating subsidy of \$135,571 from the Housing Authority.

Project-based Housing Assistance Payment (HAP) Contract

In 2006 the company entered into a ten-year HAP Contract with the Housing Authority for project-based assistance, which was extended for ten years in 2016. Pursuant to the HAP Contract the Housing Authority will make rental assistance payments on behalf of residents for 45 units. The rental assistance payments are included in Net Tenant Rental Revenue in the accompanying Statement of Revenues, Expenses and Changes in Net Position. For the year ended December 31, 2017 the company received rental assistance payments of \$467,026 from the Housing Authority.

Advances Payable

The Housing Authority paid expenses on behalf of the company. Such advances are unsecured, do not bear interest, and are expected to be repaid from operations within a few months. As of December 31, 2017, the balance payable to the Housing Authority was \$11,834.

Salishan Four LLC

R&O Agreement

On June 28th, 2007 the limited liability company (“company”) entered into an R&O Agreement with the Housing Authority. Pursuant to the R&O Agreement 45 of the 90 residential units are required to be maintained and operated as public housing units in accordance with the applicable public housing requirements outlined in the agreement. The Housing Authority is obligated to make operating subsidy payments to the property up to the amount it receives from HUD for this property, provided the units remain in compliance with the applicable public housing requirements. For the year ended December 31, 2017 the company received operating subsidy of \$142,586 from the Housing Authority.

Project-based Housing Assistance Payment (HAP) Contract

In 2008 the company entered into a ten-year HAP Contract with the Housing Authority for project-based assistance. Pursuant to the HAP Contract the Housing Authority will make rental assistance payments on behalf of residents for 45 units. The rental assistance payments are included in Net Tenant Rental Revenue in the accompanying Statement of Revenues, Expenses and Changes in Net Position. For the year ended December 31, 2017 the company received rental assistance payments of \$451,182 from the Housing Authority.

Advances Payable

The Housing Authority paid expenses on behalf of the company. Such advances are unsecured, do not bear interest, and are expected to be repaid from operations within a few months. As of December 31, 2017, the balance payable to the Housing Authority was \$15,399.

Salishan Five LLC

R&O Agreement

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

2017 the company received operating subsidy of \$158,975 from the Housing Authority.

Project-based Housing Assistance Payment (HAP) Contract

In 2009 the company entered into a ten-year HAP Contract with the Housing Authority for project-based assistance. Pursuant to the HAP Contract the Housing Authority will make rental assistance payments on behalf of residents for 45 units. The rental assistance payments are included in Net Tenant Rental Revenue in the accompanying Statement of Revenues, Expenses and Changes in Net Position. For the year ended December 31, 2017 the company received rental assistance payments of \$441,514 from the Housing Authority.

Operating Deficits

On June 1st, 2008 the company entered into the Amended and Restated Operating Agreement with the Housing Authority. Pursuant to this agreement the Housing Authority is required to advance funds to cover operating deficits up to \$850,000. As of December 31, 2017 the Housing Authority had advanced \$63,000 to the company of which nothing was to be paid back to the Housing Authority from available cash flows in 2018.

Advances Payable

The Housing Authority paid expenses on behalf of the company. Such advances are unsecured, do not bear interest, and are expected to be repaid from operations within a few months. As of December 31, 2017, the balance payable to the Housing Authority was \$142,489.

Salishan Six LLC

R&O Agreement

On October 15th, 2008 the limited liability company (“company”) entered into an R&O Agreement with the Housing Authority. Pursuant to the R&O Agreement 45 of the 90 residential units are required to be maintained and operated as public housing units in accordance with the applicable public housing requirements outlined in the agreement. The Housing Authority is obligated to make operating subsidy payments to the property up to the amount it receives from HUD for this property, provided the units remain in compliance with the applicable public housing requirements. For the year ended December 31, 2017 the company received operating subsidy of \$164,046 from the Housing Authority.

Project-based Housing Assistance Payment (HAP) Contract

In 2009 the company entered into a ten-year HAP Contract with the Housing Authority for project-based assistance. Pursuant to the HAP Contract the Housing Authority will make rental assistance payments on behalf of residents for 44 units. The rental assistance payments are included in Net Tenant Rental Revenue in the accompanying Statement of Revenues, Expenses and Changes in Net Position. For the year ended December 31, 2017 the company received rental assistance payments of \$510,168 from the Housing Authority.

Advances Payable

The Housing Authority paid expenses on behalf of the company. Such advances are unsecured, do not bear interest, and are expected to be repaid from operations within a few months. As of December 31, 2017, the balance payable to the Housing Authority was \$16,757.

2500 Yakima LLLP (DBA Bay Terrace I Apartments)

R&O Agreement

On January 15th, 2015 the limited liability limited partnership (“partnership”) entered into an R&O Agreement with the Housing Authority. Pursuant to the R&O Agreement 26 of the 70 residential units are required to be maintained and operated as public housing units in accordance with the applicable public housing requirements outlined in the agreement. The Housing Authority is obligated to make operating subsidy payments to the property up to the amount it receives from HUD for this property, provided the units remain in compliance with the applicable public housing requirements. For the year ended December 31, 2017 the partnership received operating subsidy of \$41,703 from the Housing Authority. In May 2017 the 26 public housing units were converted to project-based Section 8 units under the Rental

Assistance Demonstration (RAD) program.

Project-based Housing Assistance Payment (HAP) Contract

In 2014 the partnership entered into a ten-year HAP Contract with the Housing Authority for project-based assistance. Pursuant to the HAP Contract the Housing Authority will make rental assistance payments on behalf of residents for 20 units. In May 2017 the 26 public housing units of the property were converted to project-based Section 8 units under the RAD program, increasing the number of units receiving project-based Section 8 assistance to 46. The rental assistance payments are included in Net Tenant Rental Revenue in the accompanying Statement of Revenues, Expenses and Changes in Net Position. For the year ended December 31, 2017 the partnership received rental assistance payments of \$362,491 from the Housing Authority.

Development Services Agreement

In 2013 the partnership entered into a development services agreement with the Housing Authority. The agreement provides for a developer fee of \$2,078,243, which was scheduled to be earned and paid in phases. Of the total developer fee, \$1,518,970 was designated to be paid from the capital contributions of the limited (investor) partner and \$559,273 from cash flow of the property, as defined in the partnership agreement. For the year ended December 31, 2017 the partnership paid the Housing Authority \$24,125 in developer fees. The Housing Authority is scheduled to receive \$0 from the partnership in 2018. Any unpaid deferred developer fee shall be paid in full no later than December 31, 2028. As of December 31, 2017 the outstanding balance on the developer fee was \$291,691.

Advances Payable

The Housing Authority paid expenses on behalf of the partnership. Such advances are unsecured, do not bear interest, and are expected to be repaid from operations within a few months. As of December 31, 2017, the balance payable to the Housing Authority was \$34,813.

2500 Court G LLLP (DBA Bay Terrace II Apartments)

Project-based Housing Assistance Payment (HAP) Contract

In 2016 the partnership entered into a Fifteen-year HAP Contract with the Housing Authority for project-based assistance. Pursuant to the HAP Contract the Housing Authority will make rental assistance payments on behalf of residents for 52 units. In addition, the Housing Authority houses tenants from its tenant-based Section 8 program in the remaining 22 units providing additional rental assistance payments. The rental assistance payments are included in Net Tenant Rental Revenue in the accompanying Statement of Revenues, Expenses and Changes in Net Position. For the year ended December 31, 2017 the partnership received rental assistance payments of \$178,330 from the Housing Authority.

Development Services Agreement

In 2016 the partnership entered into a development services agreement with the Housing Authority. The agreement provides for a developer fee of \$1,600,000, scheduled to be earned and paid in phases. Of the total developer fee, \$915,577 was designated to be paid from the capital contributions of the limited (investor) partner and \$684,423 from cash flow of the property, as defined in the partnership agreement, with any unpaid balance incurring interest at the rate of 8.0% per annum. For the year ended December 31, 2017 the Housing Authority earned \$960,000 in developer fees none of which was paid as of December 31, 2017, resulting in an outstanding balance of \$1,600,000.

Advances Payable

The Housing Authority paid expenses on behalf of the partnership. Such advances are unsecured, do not bear interest, and are expected to be repaid from operations within a few months. As of December 31, 2017, the balance payable to the Housing Authority was \$60,290.

Renew Tacoma Housing LLLP

Project-based Housing Assistance Payment (HAP) Contract

In 2016 the partnership entered into a twenty-year HAP Contract with the Housing Authority for project-

based assistance. Pursuant to the HAP Contract the Housing Authority will make rental assistance payments on behalf of residents for 456 units. The rental assistance payments are included in Net Tenant Rental Revenue in the accompanying Statement of Revenues, Expenses and Changes in Net Position. For the year ended December 31, 2017 the company received rental assistance payments of \$3,384,172 from the Housing Authority.

Development Services Agreement

In 2016 the partnership entered into a development services agreement with the Housing Authority. The agreement provides for a developer fee of up to \$10,000,000, scheduled to be earned and paid in phases. 40% was earned at the commencement of the rehabilitation of the project and 60% was earned on a pro-rata basis as each building in the project was placed in service. As of December 31, 2017 all apartment complexes were placed in service and the entire developer fee of \$9,850,000 was earned. Of the amount earned, \$2,000,000 was paid in 2016 and \$1,000,000 was paid in 2017 from the capital contributions of the limited partner and the remainder was payable from limited partner contributions or net cash flow in future years.

Governmental Lender's Closing Fee

In 2016 the partnership entered into a borrower loan agreement relating to the \$45,000,000 construction loan from Citibank, described as Renew Tacoma Housing Construction Loan above (see [Note 8](#)). This agreement provided that the Housing Authority should receive a reimbursement of its costs related to this funding in the form of a \$360,000 Governmental Lender's Closing Fee. The fee was scheduled to be paid on the date of closing on April 19, 2016 but was mistakenly excluded from the closing documents. As of December 31, 2017 this fee remained outstanding and payable and is expected to be paid in 2018.

Advances Payable

The Housing Authority paid expenses on behalf of the partnership. Such advances are unsecured, do not bear interest, and are expected to be repaid from operations within a few months. As of December 31, 2017, the balance payable to the Housing Authority was \$69,197.

NOTE 13 – CONTINGENCIES AND LITIGATION

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

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

NOTE 14 – RISK MANAGEMENT

The Housing Authority's risk management is concerned with risk controls that will reduce property and liability exposures through a combination of loss controls, emergency response planning, employee training, purchase of commercial insurance, and contractual risk transfer. The Housing Authority participates in risk management inspections and online learning offered by Philadelphia Insurance Company to help identify and prevent risk exposures.

The Housing Authority maintains comprehensive insurance coverage with private carriers for general liability, property, errors and omissions, fidelity, auto liability and major medical and dental. Workman's compensation coverage is provided through the Washington State Department of Labor and Industries. The Housing Authority pays for its unemployment insurance coverage through quarterly reimbursements to the Washington state Employment Security Department as provided for by RCW 50.44.060. This reimbursement method is in lieu of paying the local government tax called for in RCW 50.44.035.

The Housing Authority secures commercial property, auto, and general liability insurance through Philadelphia Insurance Companies for both the Housing Authority and its component units. The

commercial general liability policy includes errors and omissions with limits of \$1 million per occurrence on an occurrence basis and \$2 million aggregate. No deductible applies. Comprehensive automobile liability insurance is \$1 million per occurrence on an occurrence basis with a \$500 comprehensive deductible and \$1,000 collision deductible for physical damage losses. No deductible applies for automobile liability losses. Coverage includes volunteer drivers. The property policy insures each scheduled buildings on a scheduled replacement cost value. The policy includes tax credit loss, business income, relocation expense, and Housing Authority or Component Unit owned contents. The blanket limit for the insured portfolio is \$254,731,776 and the deductible is \$5,000 per loss. A commercial umbrella liability policy provides Housing Authority with an additional \$10 million per occurrence insurance and \$10 million aggregate, for the Housing Authority's underlying policies.

The Housing Authority secured Fidelity coverage through National Union Fire Insurance Company for \$1 million per occurrence for all employees and board members; the deductible is \$2,500. The Housing Authority carries pollution liability coverage for most properties with CHUBB at a limit of \$1 million per occurrence on a claims-made basis and deductible of \$25,000. CHUBB insures the Housing Authority with a public entity and employment practices liability policy. Policy limits are \$2 million per occurrence and \$2 million aggregate with a \$25,000 deductible. The public entity policy provides coverage for public officials, employment practices, and property management errors and omission. The Housing Authority's cyber risk is insured by CHUBB through a Cyber Enterprise Risk policy with limits of \$1 million per occurrence and \$2 million aggregate. The deductible is \$25,000.

Tacoma Housing Development Group is insured separately with two policies. Professional liability is insured with \$1 million per occurrence policy on a claims-made basis and \$1 million aggregate with a \$1,000 deductible. A commercial general liability policy is \$1 million per occurrence and \$2 million aggregate.

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

NOTE 15 – SUBSEQUENT EVENTS

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

The Housing Authority is expected to close on the RAD conversion of the remaining public housing units by the end of 2018 or early 2019.

HOUSING AUTHORITY OF THE CITY OF TACOMA
Schedule of Proportionate Share of the Net Pension Liability
PERS Plan 1

As of June 30, 2017
 Last 10 Fiscal Years*

	2017	2016	2015	2014
Employer's proportion of the net pension liability (asset)	0.064611%	0.061051%	0.061609%	0.058165%
Employer's proportionate share of the net pension liability	\$ 3,065,842	\$ 3,278,726	\$ 3,222,724	\$ 2,930,089
Employer's covered employee payroll	\$ 8,002,798	\$ 7,245,629	\$ 6,930,277	\$ 6,360,228
Employer's proportionate share of the net pension liability as a percentage of covered employee payroll	38.31%	45.25%	46.50%	46.07%
Plan fiduciary net position as a percentage of the total pension liability	61.24%	57.03%	59.10%	61.19%

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

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

NOTE 1 - Changes of Benefit Terms

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

NOTE 2 - Changes in Assumptions

No significant changes in assumptions were made. Demographic assumptions were updated consistent with the changes from the 2007-2012 Experience Study Report, as identified in the notes to the 2017 Department of Retirement Systems (DRS) Comprehensive Annual Financial Report.

HOUSING AUTHORITY OF THE CITY OF TACOMA
Schedule of Proportionate Share of the Net Pension Liability
PERS Plan 2/3

As of June 30, 2017
 Last 10 Fiscal Years*

	2017	2016	2015	2014
Employer's proportion of the net pension liability (asset)	0.080495%	0.075470%	0.076922%	0.072366%
Employer's proportionate share of the net pension liability	\$ 2,796,816	\$ 3,799,855	\$ 2,748,467	\$ 1,462,778
Employer's covered employee payroll	\$ 7,891,761	\$ 7,139,040	\$ 6,930,277	\$ 6,360,228
Employer's proportionate share of the net pension liability as a percentage of covered employee payroll	35.44%	53.23%	39.66%	23.00%
Plan fiduciary net position as a percentage of the total pension liability	90.97%	85.82%	89.20%	93.29%

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

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

NOTE 1 - Changes of Benefit Terms

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

NOTE 2 - Changes in Assumptions

No significant changes in assumptions were made. Demographic assumptions were updated consistent with the changes from the 2007-2012 Experience Study Report, as identified in the notes to the 2017 Department of Retirement Systems (DRS) Comprehensive Annual Financial Report.

HOUSING AUTHORITY OF THE CITY OF TACOMA
Schedule of Employer Contributions
PERS Plan 1

As of December 31, 2017
 Last 10 Fiscal Years*

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Statutorily or contractually required contributions	\$ 412,901	\$ 374,729	\$ 314,161	\$ 275,605
Contributions in relation to the statutorily or contractually required contributions	<u>(412,901)</u>	<u>(374,729)</u>	<u>(314,161)</u>	<u>(275,605)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employer payroll	\$ 8,168,879	\$ 7,660,400	\$ 7,061,251	\$ 6,707,388
Contributions as a percentage of covered employee payroll	5.05%	4.89%	4.45%	4.11%

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

Notes to the Schedule of Employer Contributions

NOTE 1 - Changes of Benefit Terms

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

NOTE 2 - Changes in Assumptions

No significant changes in assumptions were made. Demographic assumptions were updated consistent with the changes from the 2007-2012 Experience Study Report, as identified in the notes to the 2017 Department of Retirement Systems (DRS) Comprehensive Annual Financial Report.

HOUSING AUTHORITY OF THE CITY OF TACOMA
Schedule of Employer Contributions
PERS Plan 2/3

As of December 31, 2017
 Last 10 Fiscal Years*

	2017	2016	2015	2014
Statutorily or contractually required contributions	\$ 556,796	\$ 473,656	\$ 389,308	\$ 330,072
Contributions in relation to the statutorily or contractually required contributions	<u>(556,796)</u>	<u>(473,656)</u>	<u>(389,308)</u>	<u>(330,072)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employer payroll	\$ 8,054,167	\$ 7,552,217	\$ 7,061,251	\$ 6,707,388
Contributions as a percentage of covered employee payroll	6.91%	6.27%	5.51%	4.92%

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

Notes to the Schedule of Employer Contributions

NOTE 1 - Changes of Benefit Terms

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

NOTE 2 - Changes in Assumptions

No significant changes in assumptions were made. Demographic assumptions were updated consistent with the changes from the 2007-2012 Experience Study Report, as identified in the notes to the 2017 Department of Retirement Systems (DRS) Comprehensive Annual Financial Report.

Housing Authority of the City of Tacoma
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2017

Federal Agency Name/Pass-Through Agency Name	Federal Program Name	CFDA Number	Other ID Number	Current Year Expenditures			Pass-Through to Sub-Recipients	Debt Liability Balance	Notes
				From Pass-Through Awards	From Direct Awards	Total			
U.S. Department of Agriculture/Pass-through Washington State Department of Natural Resources	Cooperative Forestry Assistance	10.664	2014-DG-11062765-706	10,000		10,000			
Subtotal U.S. Department of Agriculture				\$ 10,000	\$ -	\$ 10,000	\$ -	\$ -	
CDBG - Entitlement Grants Cluster									
U.S. Department of Housing and Urban Development/Pass-through City of Tacoma	Community Development Block Grant	14.218	Family Self Sufficiency	41,724					
Total CDBG - Entitlement Grants Cluster				41,724		41,724			
Section 8 Project Based Cluster									
U.S. Department of Housing and Urban Development	Section 8 Moderate Rehabilitation Single Room Occupancy	14.249	WA005SRO002 WA005SRO003		228,378 143,258				
Total Section 8 Project Based Cluster					371,636	371,636			
U.S. Department of Housing and Urban Development/Pass-through Washington State Housing Finance Commission	ARRA-Tax Credit Assistance Program	14.258	Salishan Seven (TC#09-02-TCAP)		-	-		11,880,335	3, 4
U.S. Department of Housing and Urban Development	Resident Opportunity and Supportive Services (ROSS)	14.870	WA005RPS055A014		81,608	81,608			
Housing Voucher Cluster									
U.S. Department of Housing and Urban Development	Housing Choice Vouchers	14.871	WA005VO-NED WA005AF-NED WA005VO-FUP WA005AF-FUP WA005VO-VA WA005AF-VA		659,332 62,893 387,103 31,098 951,741 102,462				
Total Housing Voucher Cluster					2,194,629	2,194,629			
U.S. Department of Housing and Urban Development	Moving To Work Demonstration Program	14.881	14.HCV-WA005VO 14.HCV-WA005AF (VO) 14.OPS - WA005-00000616D - WA005-00001616D 14.CFP-WA19P005501-16		35,003,928 3,174,137 1,354,462 935,623				
Total CFDA 14.881					40,468,150	40,468,150	991,782		
U.S. Department of Housing and Urban Development	Family Self-Sufficiency Program	14.896	WA005FSH701A015		197,662	197,662			
Subtotal U.S. Department of Housing and Urban Development				\$ 41,724	\$ 43,313,685	\$ 43,355,409	\$ 991,782	\$ 11,880,335	
TOTAL FEDERAL ASSISTANCE				\$ 51,724	\$ 43,313,685	\$ 43,365,409	\$ 991,782	\$ 11,880,335	

Housing Authority of the City of Tacoma
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2017

NOTE 1 - Basis of Accounting

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

NOTE 2 - Program Costs

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

NOTE 3 - Federal Loans

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

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

Expenditures for this program were funded by ARRA.

NOTE 5 - Indirect Cost Rate

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

Line Item No.	Description	Project WA005000006	Project WA005000007	Project WA005000008	Project WA005000009	Project WA005000010	Project WA005000011	Project WA005000012	Project WA005000013	Project WA005000014	Project WA005000015
111	Cash - Unrestricted	459,902	26,603	32,353	6,775	97,533	97,698	80,481	85,645	92,528	133,836
112	Cash - Restricted - Modernization and Development	-	-	-	-	-	-	-	-	-	-
113	Cash - Other Restricted	450	-	-	-	-	-	-	-	-	-
114	Cash - Tenant Security Deposits	601	-	-	-	-	-	-	-	-	-
115	Cash - Restricted for Payment of Current Liabilities	-	-	-	-	-	-	-	-	-	-
100	Total Cash	\$ 460,953	\$ 26,603	\$ 32,353	\$ 6,775	\$ 97,533	\$ 97,698	\$ 80,481	\$ 85,645	\$ 92,528	\$ 133,836
121	Accounts Receivable - PHA Projects	-	-	-	-	-	-	-	-	-	-
122	Accounts Receivable - HUD Other Projects	-	-	-	-	-	-	-	-	-	-
124	Accounts Receivable - Other Government	-	-	-	-	-	-	-	-	-	-
125	Accounts Receivable - Miscellaneous	6,374	-	-	-	-	-	-	-	-	-
126	Accounts Receivable - Tenants	544	-	-	-	-	-	-	-	-	-
126.1	Allowance for Doubtful Accounts - Tenants	(544)	-	-	-	-	-	-	-	-	-
126.2	Allowance for Doubtful Accounts - Other	-	-	-	-	-	-	-	-	-	-
127	Notes, Loans, & Mortgages Receivable - Current	-	-	-	-	-	-	-	-	-	-
128	Fraud Recovery	-	-	-	-	-	-	-	-	-	-
128.1	Allowance for Doubtful Accounts - Fraud	-	-	-	-	-	-	-	-	-	-
129	Accrued Interest Receivable	-	-	-	-	-	-	-	-	-	-
120	Total Receivables, Net of Allowances for Doubtful Accounts	\$ 6,374	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
131	Investments - Unrestricted	-	-	-	-	-	-	-	-	-	-
132	Investments - Restricted	-	-	-	-	-	-	-	-	-	-
135	Investments - Restricted for Payment of Current Liability	-	-	-	-	-	-	-	-	-	-
142	Prepaid Expenses and Other Assets	-	208	119	40	545	545	446	446	446	446
143	Inventories	-	-	-	-	-	-	-	-	-	-
143.1	Allowance for Obsolete Inventories	-	-	-	-	-	-	-	-	-	-
144	Inter Program Due From	-	-	-	-	-	-	-	-	-	-
145	Assets Held for Sale	-	-	-	-	-	-	-	-	-	-
150	Total Current Assets	\$ 467,327	\$ 26,811	\$ 32,472	\$ 6,815	\$ 98,078	\$ 98,243	\$ 80,927	\$ 86,091	\$ 92,974	\$ 134,282
161	Land	103,816	60,579	60,579	-	774,771	768,309	768,309	337,793	946,989	871,361
162	Buildings	1,480,905	-	-	-	-	-	-	-	-	-
163	Furniture, Equipment & Machinery - Dwellings	-	-	-	-	-	-	-	-	-	-
164	Furniture, Equipment & Machinery - Administration	-	-	-	-	-	-	-	-	-	-
165	Leasehold Improvements	-	-	-	-	-	-	-	-	1,402,218	1,408,840
166	Accumulated Depreciation	(678,921)	-	-	-	-	-	-	-	(752,696)	(756,250)
167	Construction in Progress	139,240	-	-	-	-	-	-	-	-	-
168	Infrastructure	-	-	-	-	-	-	-	-	-	-
160	Total Capital Assets, Net of Accumulated Depreciation	\$ 1,045,040	\$ 60,579	\$ 60,579	\$ -	\$ 774,771	\$ 768,309	\$ 768,309	\$ 337,793	\$ 1,596,511	\$ 1,523,951
171	Notes, Loans and Mortgages Receivable - Non-Current	-	286,463	102,374	61,879	-	-	-	-	-	404,030
172	Notes, Loans, & Mortgages Receivable - Non Current - Past	-	-	-	-	-	-	-	-	-	-
173	Grants Receivable - Non Current	-	-	-	-	-	-	-	-	-	-
174	Other Assets	-	-	-	-	-	-	-	-	-	207,948
176	Investments in Joint Ventures	-	-	-	-	-	-	-	-	-	-
180	Total Non-Current Assets	\$ 1,045,040	\$ 347,042	\$ 162,953	\$ 61,879	\$ 774,771	\$ 768,309	\$ 768,309	\$ 337,793	\$ 1,596,511	\$ 2,135,929
200	Deferred Outflow of Resources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Line Item No.	Description	Project WA005000006	Project WA005000007	Project WA005000008	Project WA005000009	Project WA005000010	Project WA005000011	Project WA005000012	Project WA005000013	Project WA005000014	Project WA005000015
290	Total Assets and Deferred Outflow of Resources	\$ 1,512,367	\$ 373,853	\$ 195,425	\$ 68,694	\$ 872,849	\$ 866,562	\$ 849,236	\$ 423,884	\$ 1,689,485	\$ 2,270,211
311	Bank Overdraft	-	-	-	-	-	-	-	-	-	-
312	Accounts Payable <= 90 Days	48,904	19,501	16,756	4,656	11,390	13,014	11,298	11,882	13,248	13,671
313	Accounts Payable >90 Days Past Due	-	-	-	-	-	-	-	-	-	-
321	Accrued Wage/Payroll Taxes Payable	-	-	-	-	-	-	-	-	-	-
322	Accrued Compensated Absences - Current Portion	-	-	-	-	-	-	-	-	-	-
324	Accrued Contingency Liability	-	-	-	-	-	-	-	-	-	-
325	Accrued Interest Payable	-	-	-	-	-	-	-	-	-	-
331	Accounts Payable - HUD PHA Programs	-	-	-	-	-	-	-	-	-	-
332	Accounts Payable - PHA Projects	-	-	-	-	-	-	-	-	-	-
333	Accounts Payable - Other Government	-	-	-	-	-	-	-	-	-	-
341	Tenant Security Deposits	600	-	-	-	-	-	-	-	-	-
342	Unearned Revenue	1,507	-	-	-	-	-	-	-	-	-
343	Current Portion of Long-term Debt - Capital	-	-	-	-	-	-	-	-	-	-
344	Current Portion of Long-term Debt - Operating Borrowings	-	-	-	-	-	-	-	-	-	-
345	Other Current Liabilities	12,929	-	-	-	-	-	-	-	-	-
346	Accrued Liabilities - Other	20	-	-	-	-	-	-	-	-	-
347	Inter Program - Due To	507,073	-	-	-	-	-	-	-	-	-
348	Loan Liability - Current	-	-	-	-	-	-	-	-	-	-
310	Total Current Liabilities	\$ 571,033	\$ 19,501	\$ 16,756	\$ 4,656	\$ 11,390	\$ 13,014	\$ 11,298	\$ 11,882	\$ 13,248	\$ 13,671
351	Long-term Debt, Net of Current-Capital Projects/Mortgage	-	-	-	-	-	-	-	-	-	-
352	Long-term Debt, Net of Current-Operating Borrowings	-	-	-	-	-	-	-	-	-	-
353	Non-current Liabilities - Other	450	-	-	-	-	-	-	-	-	-
354	Accrued Compensated Absences - Non Current	-	-	-	-	-	-	-	-	-	-
355	Loan Liability - Non Current	-	-	-	-	-	-	-	-	-	-
356	FASB 5 Liabilities	-	-	-	-	-	-	-	-	-	-
357	Accrued Pension and OPEB Liabilities	-	-	-	-	-	-	-	-	-	-
350	Total Non-Current Liabilities	\$ 450	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
300	Total Liabilities	\$ 571,483	\$ 19,501	\$ 16,756	\$ 4,656	\$ 11,390	\$ 13,014	\$ 11,298	\$ 11,882	\$ 13,248	\$ 13,671
400	Deferred Inflow of Resources	-	-	-	-	-	-	-	-	-	-
508.4	Net Investment in Capital Assets	1,045,040	60,579	60,579	-	774,771	768,309	768,309	337,793	1,596,511	1,523,951
511.4	Restricted Net Position	-	-	-	-	-	-	-	-	-	-
512.4	Unrestricted Net Position	(104,156)	293,773	118,090	64,038	86,688	85,229	69,629	74,209	79,726	732,589
513	Total Equity - Net Position	\$ 940,884	\$ 354,352	\$ 178,669	\$ 64,038	\$ 861,459	\$ 853,538	\$ 837,938	\$ 412,002	\$ 1,676,237	\$ 2,256,540
600	Total Liab., Def. Inflow of Res., and Equity - Net Position	\$ 1,512,367	\$ 373,853	\$ 195,425	\$ 68,694	\$ 872,849	\$ 866,562	\$ 849,236	\$ 423,884	\$ 1,689,485	\$ 2,270,211
70300	Net Tenant Rental Revenue	23,314	-	-	-	-	-	-	-	-	-
70400	Tenant Revenue - Other	1,575	-	-	-	-	-	-	-	-	-
70500	Total Tenant Revenue	\$ 24,889	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Line Item No.	Description	Project WA005000006	Project WA005000007	Project WA005000008	Project WA005000009	Project WA005000010	Project WA005000011	Project WA005000012	Project WA005000013	Project WA005000014	Project WA005000015
70600	HUD PHA Operating Grants	-	-	-	-	-	-	-	-	-	-
70610	Capital Grants	-	-	-	-	-	-	-	-	-	-
70710	Management Fee	-	-	-	-	-	-	-	-	-	-
70720	Asset Management Fee	-	-	-	-	-	-	-	-	-	-
70730	Book Keeping Fee	-	-	-	-	-	-	-	-	-	-
70740	Front Line Service Fee	-	-	-	-	-	-	-	-	-	-
70750	Other Fees	-	-	-	-	-	-	-	-	-	-
70700	Total Fee Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
70800	Other Government Grants	-	-	-	-	-	-	-	-	-	-
71100	Investment Income - Unrestricted	13	-	-	-	-	-	-	-	-	-
71200	Mortgage Interest Income	-	-	-	-	-	-	-	-	-	37,777
71300	Proceeds from Disposition of Assets Held for Sale	-	-	-	-	-	-	-	-	-	-
71310	Cost of Sale of Assets	-	-	-	-	-	-	-	-	-	-
71400	Fraud Recovery	-	-	-	-	-	-	-	-	-	-
71500	Other Revenue	2,538	-	-	-	-	-	-	-	-	-
71600	Gain or Loss on Sale of Capital Assets	1,417,069	-	-	-	-	-	-	-	-	-
72000	Investment Income - Restricted	-	-	-	-	-	-	-	-	-	-
70000	Total Revenue	\$ 1,444,509	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 37,777
91100	Administrative Salaries	15,097	-	-	-	-	-	-	-	-	-
91200	Auditing Fees	366	122	69	27	306	317	259	268	354	-
91300	Management Fee	-	-	-	-	-	-	-	-	-	-
91310	Book-keeping Fee	-	-	-	-	-	-	-	-	-	-
91400	Advertising and Marketing	-	-	-	-	-	-	-	-	-	-
91500	Employee Benefit contributions - Administrative	6,338	-	-	-	-	-	-	-	-	-
91600	Office Expenses	3,506	-	-	-	-	-	-	-	-	-
91700	Legal Expense	164	-	-	-	-	-	-	-	-	-
91800	Travel	75	-	-	-	-	-	-	-	-	-
91810	Allocated Overhead	-	-	-	-	-	-	-	-	-	-
91900	Other	11,014	-	-	-	-	-	-	-	-	-
91000	Total Operating - Administrative	\$ 36,550	\$ 122	\$ 69	\$ 27	\$ 306	\$ 317	\$ 259	\$ 268	\$ 354	\$ 354
92000	Asset Management Fee	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
92100	Tenant Services - Salaries	-	-	-	-	-	-	-	-	-	-
92200	Relocation Costs	29,987	-	-	-	-	-	-	-	-	-
92300	Employee Benefit Contributions - Tenant Services	-	-	-	-	-	-	-	-	-	-
92400	Tenant Services - Other	99,030	-	-	-	-	-	-	-	-	-
92500	Total Tenant Services	\$ 129,017	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
93100	Water	2,626	-	-	-	-	-	-	-	-	-
93200	Electricity	4,679	-	-	-	-	-	-	-	-	-
93300	Gas	1,803	-	-	-	-	-	-	-	-	-
93400	Fuel	-	-	-	-	-	-	-	-	-	-
93500	Labor	-	-	-	-	-	-	-	-	-	-
93600	Sewer	6,847	-	-	-	-	-	-	-	-	-
93700	Employee Benefit Contributions - Utilities	-	-	-	-	-	-	-	-	-	-
93800	Other Utilities Expense	-	-	-	-	-	-	-	-	-	-

Line Item No.	Description	Project WA005000006	Project WA005000007	Project WA005000008	Project WA005000009	Project WA005000010	Project WA005000011	Project WA005000012	Project WA005000013	Project WA005000014	Project WA005000015
93000	Total Utilities	\$ 15,955	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
94100	Ordinary Maintenance and Operations - Labor	7,432	-	-	-	-	-	-	-	-	-
94200	Ordinary Maintenance and Operations - Materials and	3,729	-	-	-	-	-	-	-	-	-
94300	Ordinary Maintenance and Operations - Contracts	17,262	-	-	-	-	-	-	-	-	-
94500	Employee Benefit Contributions - Ordinary Maintenance	2,706	-	-	-	-	-	-	-	-	-
94000	Total Maintenance	\$ 31,129	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
95100	Protective Services - Labor	-	-	-	-	-	-	-	-	-	-
95200	Protective Services - Other Contract Costs	4,812	-	-	-	-	-	-	-	-	-
95300	Protective Services - Other	9	-	-	-	-	-	-	-	-	-
95500	Employee Benefit Contributions - Protective Services	-	-	-	-	-	-	-	-	-	-
95000	Total Protective Services	\$ 4,821	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
96110	Property Insurance	4,620	-	-	-	-	-	-	-	-	-
96120	Liability Insurance	1,123	-	-	-	-	-	-	-	-	-
96130	Workmen's Compensation	573	-	-	-	-	-	-	-	-	-
96140	All Other Insurance	485	-	-	-	-	-	-	-	-	-
96100	Total Insurance Premiums	\$ 6,801	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
96200	Other General Expenses	288	62,617	37,952	13,422	136,682	156,162	142,587	158,976	164,046	-
96210	Compensated Absences	-	-	-	-	-	-	-	-	-	-
96300	Payments in Lieu of Taxes	338	229	131	44	600	600	491	491	491	491
96400	Bad debt - Tenant Rents	544	-	-	-	-	-	-	-	-	-
96500	Bad debt - Mortgages	-	-	-	-	-	-	-	-	-	-
96600	Bad debt - Other	-	-	-	-	-	-	-	-	-	-
96800	Severance Expense	-	-	-	-	-	-	-	-	-	-
96000	Total Other General Expenses	\$ 1,170	\$ 62,846	\$ 38,083	\$ 13,466	\$ 137,282	\$ 156,762	\$ 143,062	\$ 159,467	\$ 164,537	-
96710	Interest of Mortgage (or Bonds) Payable	-	-	-	-	-	-	-	-	-	-
96720	Interest on Notes Payable (Short and Long Term)	-	-	-	-	-	-	-	-	-	-
96730	Amortization of Bond Issue Costs	-	-	-	-	-	-	-	-	-	-
96700	Total Interest Expense and Amortization Cost	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
96900	Total Operating Expenses	\$ 225,443	\$ 62,968	\$ 38,152	\$ 13,493	\$ 137,588	\$ 157,079	\$ 143,346	\$ 159,821	\$ 164,891	-
97000	Excess Operating Revenue Over Operating Expenses	\$ 1,219,066	\$ (62,968)	\$ (38,152)	\$ (13,493)	\$ (137,588)	\$ (157,079)	\$ (143,346)	\$ (159,821)	\$ (164,891)	\$ (127,114)
97100	Extraordinary Maintenance	9,500	-	-	-	-	-	-	-	-	-
97200	Casualty Losses - Non-capitalized	3,080	-	-	-	-	-	-	-	-	-
97300	Housing Assistance Payments	-	-	-	-	-	-	-	-	-	-
97350	HAP Portability-In	-	-	-	-	-	-	-	-	-	-
97400	Depreciation Expense	78,826	-	-	-	-	-	-	-	98,328	98,792
97500	Fraud Losses	-	-	-	-	-	-	-	-	-	-
97600	Dwelling Units Rent Expense	-	-	-	-	-	-	-	-	-	-
90000	Total Expenses	\$ 316,849	\$ 62,968	\$ 38,152	\$ 13,493	\$ 137,588	\$ 157,079	\$ 143,346	\$ 159,821	\$ 164,891	\$ 263,683
10010	Operating Transfer In	97,423	66,323	56,432	15,222	173,763	186,919	161,087	188,254	180,337	188,970
10020	Operating Transfer Out	(2,963,849)	-	-	-	-	-	-	-	-	-
10030	Operating Transfers from/to Primary Government	-	-	-	-	-	-	-	-	-	-

Line Item No.	Description	Project WA005000006	Project WA005000007	Project WA005000008	Project WA005000009	Project WA005000010	Project WA005000011	Project WA005000012	Project WA005000013	Project WA005000014	Project WA005000015
10040	Operating Transfers from/to Component Unit	-	-	-	-	-	-	-	-	-	-
10070	Extraordinary Items, Net Gain/Loss	-	-	-	-	-	-	-	-	-	-
10080	Special Items (Net Gain/Loss)	-	-	-	-	-	-	-	-	-	-
10091	Inter Project Excess Cash Transfer In	-	17,260	21,468	-	-	-	-	-	-	-
10092	Inter Project Excess Cash Transfer Out	(5,660)	-	-	-	-	-	-	-	-	-
10093	Transfers between Program and Project - In	-	-	-	-	-	-	-	-	-	-
10094	Transfers between Project and Program - Out	-	-	-	-	-	-	-	-	-	-
10100	Total Other financing Sources (Uses)	\$ (2,872,086)	\$ 83,583	\$ 77,900	\$ 15,222	\$ 173,763	\$ 186,919	\$ 161,087	\$ 168,254	\$ 180,337	\$ 188,970
10000	Excess (Deficiency) of Revenue Over (Under) Expenses	\$ (1,744,426)	\$ 20,615	\$ 39,748	\$ 1,729	\$ 36,175	\$ 29,840	\$ 24,766	\$ 24,908	\$ (77,812)	\$ (36,936)
11020	Required Annual Debt Principal Payments	-	-	-	-	-	-	-	-	-	-
11030	Beginning Equity	2,685,310	333,737	138,921	62,309	825,284	823,698	813,172	387,094	1,754,049	2,293,476
11040	Prior period adjustments, equity transfers, and correction of errors	-	-	-	-	-	-	-	-	-	-
11170	Administrative Fee Equity	-	-	-	-	-	-	-	-	-	-
11180	Housing Assistance Payments Equity	-	-	-	-	-	-	-	-	-	-
11190	Unit Months Available	224	262	144	48	660	660	540	540	540	540
11210	Unit Months Leased	128	242	144	48	659	658	537	538	532	537
11270	Excess Cash	(122,942)	7,102	15,597	2,119	86,143	84,684	69,183	73,763	79,280	120,165
11610	Land Purchases	-	-	-	-	-	-	-	-	-	-
11620	Building Purchases	346,889	-	-	-	-	-	-	-	-	-
11630	Furniture & Equipment-Dwelling Purchases	-	-	-	-	-	-	-	-	-	-
11640	Furniture & Equipment-Administrative Purchases	-	-	-	-	-	-	-	-	-	-
11650	Leasehold Improvements Purchases	-	-	-	-	-	-	-	-	-	-
11660	Infrastructure Purchases	-	-	-	-	-	-	-	-	-	-
13510	CFFP Debt Service Payments	-	-	-	-	-	-	-	-	-	-
13901	Replacement Housing Factor Funds	-	-	-	-	-	-	-	-	-	-

Line Item No.	Description	Project WA005000016	Business Activities	State/Local	14. OPS MTW Demonstration Program for Low Rent	14. CFP MTW Demonstration Program for Capital Fund	14. HCV MTW Demonstration Program for HCV Program	14. 881 Moving to Work Demonstration Program	14. 871 Housing Choice Vouchers	14. 870 Resident Opportunity and Supportive Services	14. 218 Community Development Block Grants/Entitlement Grants
111	Cash - Unrestricted	7,074	4,158,616	-	-	-	-	1,459,180	-	-	-
112	Cash - Restricted - Modernization and Development	-	11,662,319	-	-	-	-	-	-	-	-
113	Cash - Other Restricted	-	711,963	-	-	-	-	143,638	155,014	-	-
114	Cash - Tenant Security Deposits	-	188,236	-	-	-	-	-	-	-	-
115	Cash - Restricted for Payment of Current Liabilities	-	-	-	-	-	-	-	-	-	-
100	Total Cash	\$ 7,074	\$ 16,691,134	\$ -	\$ -	\$ -	\$ -	\$ 1,602,818	\$ 155,014	\$ -	\$ -
121	Accounts Receivable - PHA Projects	-	-	-	-	-	-	-	-	-	-
122	Accounts Receivable - HUD Other Projects	-	-	-	-	-	-	55,370	-	6,894	-
124	Accounts Receivable - Other Government	-	7,500	28,637	-	-	-	4,020	-	-	15,317
125	Accounts Receivable - Miscellaneous	-	611,088	-	-	-	-	303,534	5,391	-	-
126	Accounts Receivable - Tenants	-	49,463	-	-	-	-	50,942	-	-	-
126.1	Allowance for Doubtful Accounts - Tenants	-	(12,879)	-	-	-	-	(50,942)	-	-	-
126.2	Allowance for Doubtful Accounts - Other	-	-	-	-	-	-	-	-	-	-
127	Notes, Loans, & Mortgages Receivable - Current	-	49,370,447	-	-	-	-	-	-	-	-
128	Fraud Recovery	-	-	-	-	-	-	-	-	-	-
128.1	Allowance for Doubtful Accounts - Fraud	-	-	-	-	-	-	19,592	7,626	-	-
129	Accrued Interest Receivable	-	307,367	-	-	-	-	(8,720)	(3,813)	-	-
120	Total Receivables, Net of Allowances for Doubtful Accounts	\$ -	\$ 50,332,986	\$ 28,637	\$ -	\$ -	\$ -	\$ 373,796	\$ 9,204	\$ 6,894	\$ 15,317
131	Investments - Unrestricted	-	-	-	-	-	-	-	-	-	-
132	Investments - Restricted	-	-	-	-	-	-	-	-	-	-
135	Investments - Restricted for Payment of Current Liability	-	-	-	-	-	-	-	-	-	-
142	Prepaid Expenses and Other Assets	-	32,351	-	-	-	-	60,563	-	-	-
143	Inventories	-	-	-	-	-	-	-	-	-	-
143.1	Allowance for Obsolete Inventories	-	-	-	-	-	-	-	-	-	-
144	Inter Program Due From	-	3,101,487	-	-	-	-	-	-	-	-
145	Assets Held for Sale	-	-	-	-	-	-	-	-	-	-
150	Total Current Assets	\$ 7,074	\$ 70,157,958	\$ 28,637	\$ -	\$ -	\$ -	\$ 2,037,177	\$ 164,218	\$ 6,894	\$ 15,317
161	Land	-	12,610,624	-	-	-	-	1,841,084	-	-	-
162	Buildings	-	31,414,850	-	-	-	-	5,486,578	-	-	-
163	Furniture, Equipment & Machinery - Dwellings	-	706,455	-	-	-	-	-	-	-	-
164	Furniture, Equipment & Machinery - Administration	-	760,020	-	-	-	-	3,346,599	-	-	-
165	Leasehold Improvements	-	5,321,611	-	-	-	-	5,697,516	-	-	-
166	Accumulated Depreciation	-	(6,887,155)	-	-	-	-	(8,492,542)	-	-	-
167	Construction in Progress	-	518,680	-	-	-	-	398,664	-	-	-
168	Infrastructure	-	-	-	-	-	-	-	-	-	-
160	Total Capital Assets, Net of Accumulated Depreciation	\$ -	\$ 44,445,085	\$ -	\$ -	\$ -	\$ -	\$ 8,237,899	\$ -	\$ -	\$ -
171	Notes, Loans and Mortgages Receivable - Non-Current	-	78,047,976	-	-	-	-	-	-	-	-
172	Notes, Loans, & Mortgages Receivable - Non Current - Past	-	-	-	-	-	-	-	-	-	-
173	Grants Receivable - Non Current	-	-	-	-	-	-	-	-	-	-
174	Other Assets	-	14,909,828	-	-	-	-	303,059	-	-	-
176	Investments in Joint Ventures	-	-	-	-	-	-	-	-	-	-
180	Total Non-Current Assets	\$ -	\$ 137,402,889	\$ -	\$ -	\$ -	\$ -	\$ 8,540,958	\$ -	\$ -	\$ -
200	Deferred Outflow of Resources	\$ -	\$ 430,058	\$ -	\$ -	\$ -	\$ -	\$ 628,615	\$ -	\$ -	\$ -

Line Item No.	Description	Project WA005000016	Business Activities	State/Local	14. OPS MTW Demonstration Program for Low Rent	14. CFP MTW Demonstration Program for Capital Fund	14. HCV MTW Demonstration Program for HCV Program	14. 881 Moving to Work Demonstration Program	14. 871 Housing Choice Vouchers	14. 870 Resident Opportunity and Supportive Services	14. 218 Community Development Block Grants/Enterprise Grants
290	Total Assets and Deferred Outflow of Resources	\$ 7,074	\$ 207,990,905	\$ 28,637	\$ -	\$ -	\$ -	\$ 11,206,750	\$ 164,218	\$ 6,894	\$ 15,317
311	Bank Overdraft	-	-	-	-	-	-	-	-	-	-
312	Accounts Payable <= 90 Days	7,074	483,176	-	-	-	-	678,900	18,920	40	-
313	Accounts Payable >90 Days Past Due	-	-	-	-	-	-	-	-	-	-
321	Accrued Wage/Payroll Taxes Payable	-	381,980	-	-	-	-	-	-	-	-
322	Accrued Compensated Absences - Current Portion	-	33,737	-	-	-	-	15,320	-	-	-
324	Accrued Contingency Liability	-	-	-	-	-	-	-	-	-	-
325	Accrued Interest Payable	-	423,992	-	-	-	-	-	-	-	-
331	Accounts Payable - HUD PHA Programs	-	-	-	-	-	-	-	85	-	-
332	Account Payable - PHA Projects	-	-	-	-	-	-	-	-	-	-
333	Accounts Payable - Other Government	-	-	-	-	-	-	-	-	-	-
341	Tenant Security Deposits	-	188,596	-	-	-	-	-	-	-	-
342	Unearned Revenue	-	554,013	-	-	-	-	551	-	-	-
343	Current Portion of Long-term Debt - Capital	-	603,087	-	-	-	-	-	-	-	-
344	Current Portion of Long-term Debt - Operating Borrowings	-	-	-	-	-	-	-	-	-	-
345	Other Current Liabilities	-	8,407	-	-	-	-	1,548	-	-	-
346	Accrued Liabilities - Other	-	1,678	-	-	-	-	7,449	-	-	-
347	Inter Program - Due To	-	-	14,929	-	-	-	2,537,725	-	6,854	15,317
348	Loan Liability - Current	-	41,418,746	-	-	-	-	-	-	-	-
310	Total Current Liabilities	\$ 7,074	\$ 44,077,412	\$ 14,929	\$ -	\$ -	\$ -	\$ 3,241,493	\$ 19,005	\$ 6,894	\$ 15,317
351	Long-term Debt, Net of Current-Capital Projects/Mortgage	-	46,418,348	-	-	-	-	-	-	-	-
352	Long-term Debt, Net of Current-Operating Borrowings	-	-	-	-	-	-	-	-	-	-
353	Non-current Liabilities - Other	-	954,268	-	-	-	-	143,638	2,000	-	-
354	Accrued Compensated Absences - Non Current	-	181,409	-	-	-	-	791,970	-	-	-
355	Loan Liability - Non Current	-	-	-	-	-	-	-	-	-	-
356	FASB 5 Liabilities	-	-	-	-	-	-	-	-	-	-
357	Accrued Pension and OPEB Liabilities	-	2,409,552	-	-	-	-	3,453,106	-	-	-
350	Total Non-Current Liabilities	\$ -	\$ 48,963,577	\$ -	\$ -	\$ -	\$ -	\$ 4,388,714	\$ 2,000	\$ -	\$ -
300	Total Liabilities	\$ 7,074	\$ 94,040,989	\$ 14,929	\$ -	\$ -	\$ -	\$ 7,630,207	\$ 21,005	\$ 6,894	\$ 15,317
400	Deferred Inflow of Resources	\$ -	\$ 404,250	\$ -	\$ -	\$ -	\$ -	\$ 579,203	\$ -	\$ -	\$ -
508.4	Net Investment in Capital Assets	-	12,484,030	-	-	-	-	8,237,899	-	-	-
511.4	Restricted Net Position	-	12,364,282	-	-	-	-	-	143,213	-	-
512.4	Unrestricted Net Position	-	88,697,354	13,708	-	-	-	(5,240,559)	-	-	-
513	Total Equity - Net Position	\$ -	\$ 113,545,666	\$ 13,708	\$ -	\$ -	\$ -	\$ 2,997,340	\$ 143,213	\$ -	\$ -
600	Total Liab., Def. Inflow of Res., and Equity - Net Position	\$ 7,074	\$ 207,990,905	\$ 28,637	\$ -	\$ -	\$ -	\$ 11,206,750	\$ 164,218	\$ 6,894	\$ 15,317
70300	Net Tenant Rental Revenue	-	2,393,495	-	-	-	-	-	-	-	-
70400	Tenant Revenue - Other	-	91,136	-	-	-	-	133	-	-	-
70500	Total Tenant Revenue	\$ -	\$ 2,484,631	\$ -	\$ -	\$ -	\$ -	\$ 133	\$ -	\$ -	\$ -

Line Item No.	Description	Project WA005000016	Business Activities	State/Local	14. OPS MTW Demonstration Program for Low Rent	14. CFP MTW Demonstration Program for Capital Fund	14. HCV MTW Demonstration Program for HCV Program	14. 881 Moving to Work Demonstration Program	14. 871 Housing Choice Vouchers	14. 870 Resident Opportunity and Supportive Services	14. 218 Community Development Block Grants/Entitlement Grants
70600	HUD PHA Operating Grants	-	-	-	1,354,462	935,623	38,178,065	-	2,091,194	81,608	-
70610	Capital Grants	-	-	-	-	-	-	-	-	-	-
70710	Management Fee	-	-	-	-	-	-	-	-	-	-
70720	Asset Management Fee	-	-	-	-	-	-	-	-	-	-
70730	Book Keeping Fee	-	-	-	-	-	-	-	-	-	-
70740	Front Line Service Fee	-	-	-	-	-	-	-	-	-	-
70750	Other Fees	-	75,893	-	-	-	-	-	-	-	-
70700	Total Fee Revenue	\$	\$ 75,893	\$	\$	\$	\$	\$	\$	\$	\$
70800	Other Government Grants	-	-	357,529	-	-	-	-	-	-	41,724
71100	Investment Income - Unrestricted	-	62,320	-	-	-	-	12,830	500	-	-
71200	Mortgage Interest Income	-	3,148,781	-	-	-	-	-	-	-	-
71300	Proceeds from Disposition of Assets Held for Sale	-	-	-	-	-	-	-	-	-	-
71310	Cost of Sale of Assets	-	-	-	-	-	-	-	-	-	-
71400	Fraud Recovery	-	-	-	-	-	-	12,196	1,568	-	-
71500	Other Revenue	-	8,341,482	-	-	-	-	1,153,275	-	-	-
71600	Gain or Loss on Sale of Capital Assets	-	3,500	-	-	-	-	3,000	-	-	-
72000	Investment Income - Restricted	-	21,239	-	-	-	-	-	-	-	-
70000	Total Revenue	\$	\$ 14,137,846	\$ 357,529	\$ 1,354,462	\$ 935,623	\$ 38,178,065	\$ 1,181,434	\$ 2,093,252	\$ 81,608	\$ 41,724
91100	Administrative Salaries	-	2,400,411	-	-	-	-	4,504,931	-	-	-
91200	Auditing Fees	166	13,699	-	-	-	-	47,260	9,104	-	-
91300	Management Fee	-	60,876	-	-	-	-	118,669	-	-	-
91310	Book-keeping Fee	-	-	-	-	-	-	-	-	-	-
91400	Advertising and Marketing	-	4,691	-	-	-	-	15,687	-	205	-
91500	Employee Benefit Contributions - Administrative	-	857,749	-	-	-	-	1,708,113	-	-	-
91600	Office Expenses	-	163,540	-	-	-	-	671,430	-	2,270	-
91700	Legal Expense	-	101,041	-	-	-	-	159,181	-	-	-
91800	Travel	-	31,684	-	-	-	-	74,559	-	-	-
91810	Allocated Overhead	-	-	-	-	-	-	-	-	-	-
91900	Other	-	360,168	-	-	-	-	255,035	62,797	750	-
91000	Total Operating - Administrative	\$ 166	\$ 3,983,859	\$	\$	\$	\$	\$ 7,436,196	\$ 190,570	\$ 3,225	\$
92000	Asset Management Fee	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
92100	Tenant Services - Salaries	-	254,943	72,718	-	-	-	279,830	-	48,027	28,830
92200	Relocation Costs	-	4,203	-	-	-	-	-	-	-	-
92300	Employee Benefit Contributions - Tenant Services	-	109,067	32,697	-	-	-	106,903	-	30,135	12,707
92400	Tenant Services - Other	-	79,309	-	-	-	-	87,899	-	-	-
92500	Total Tenant Services	\$	\$ 447,522	\$ 105,415	\$	\$	\$	\$ 474,632	\$	\$ 78,162	\$ 41,537
93100	Water	-	61,538	-	-	-	-	8,224	-	-	-
93200	Electricity	-	46,387	-	-	-	-	27,936	-	-	-
93300	Gas	-	1,034	-	-	-	-	1,189	-	-	-
93400	Fuel	-	-	-	-	-	-	-	-	-	-
93500	Labor	-	-	-	-	-	-	-	-	-	-
93600	Sewer	-	160,067	-	-	-	-	16,287	-	-	-
93700	Employee Benefit Contributions - Utilities	-	-	-	-	-	-	-	-	-	-
93800	Other Utilities Expense	-	-	-	-	-	-	-	-	-	-

Line Item No.	Description	Project WA005000016	Business Activities	State/Local	14. OPS MTW Demonstration Program for Low Rent	14. CFP MTW Demonstration Program for Capital Fund	14. HCV MTW Demonstration Program for HCV Program	14. 881 Moving to Work Demonstration Program	14. 871 Housing Choice Vouchers	14. 870 Resident Opportunity and Supportive Services	14. 218 Community Development Block Grants/Entitlement Grants
93000	Total Utilities	\$ -	\$ -269,026	\$ -	\$ -	\$ -	\$ -	\$ 53,636	\$ -	\$ -	\$ -
94100	Ordinary Maintenance and Operations - Labor	-	933,394	-	-	-	-	48,194	-	-	-
94200	Ordinary Maintenance and Operations - Materials and	-	89,503	-	-	-	-	26,111	-	-	-
94300	Ordinary Maintenance and Operations - Contracts	-	348,940	-	-	-	-	49,290	-	-	-
94500	Employee Benefit Contributions - Ordinary Maintenance	-	338,745	-	-	-	-	13,598	-	-	-
94000	Total Maintenance	\$ -	\$ 1,710,582	\$ -	\$ -	\$ -	\$ -	\$ 136,993	\$ -	\$ -	\$ -
95100	Protective Services - Labor	-	-	-	-	-	-	-	-	-	-
95200	Protective Services - Other Contract Costs	-	1,438	-	-	-	-	20,517	-	-	-
95300	Protective Services - Other	-	1,295	-	-	-	-	5,033	-	-	-
95500	Employee Benefit Contributions - Protective Services	-	-	-	-	-	-	-	-	-	-
95000	Total Protective Services	\$ -	\$ 2,733	\$ -	\$ -	\$ -	\$ -	\$ 25,550	\$ -	\$ -	\$ -
96110	Property Insurance	-	61,542	-	-	-	-	11,577	-	-	-
96120	Liability Insurance	-	25,685	-	-	-	-	36,620	277	-	-
96130	Workmen's Compensation	-	83,322	396	-	-	-	32,389	-	221	187
96140	All Other Insurance	-	3,516	-	-	-	-	7,768	-	-	-
96100	Total Insurance Premiums	\$ -	\$ 174,065	\$ 396	\$ -	\$ -	\$ -	\$ 88,354	\$ 277	\$ 221	\$ 187
96200	Other General Expenses	31,799	317,590	-	-	-	-	66,154	6,205	-	-
96210	Compensated Absences	-	81,687	-	-	-	-	244,909	-	-	-
96300	Payments in Lieu of Taxes	284	1,692	-	-	-	-	8,502	-	-	-
96400	Bad debt - Tenant Rents	-	11,205	-	-	-	-	-	-	-	-
96500	Bad debt - Mortgages	-	-	-	-	-	-	-	1,362	-	-
96600	Bad debt - Other	-	-	-	-	-	-	-	-	-	-
96800	Severance Expense	-	27,158	-	-	-	-	-	-	-	-
96000	Total Other General Expenses	\$ 32,083	\$ 439,332	\$ -	\$ -	\$ -	\$ -	\$ 319,565	\$ 7,567	\$ -	\$ -
96710	Interest of Mortgage (or Bonds) Payable	-	29,045	-	-	-	-	-	-	-	-
96720	Interest on Notes Payable (Short and Long Term)	-	193,551	-	-	-	-	-	-	-	-
96730	Amortization of Bond Issue Costs	-	-	-	-	-	-	-	-	-	-
96700	Total Interest Expense and Amortization Cost	\$ -	\$ 222,596	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
96900	Total Operating Expenses	\$ 32,249	\$ 7,259,715	\$ 105,811	\$ -	\$ -	\$ -	\$ 8,534,926	\$ 198,414	\$ 81,608	\$ 41,724
97000	Excess Operating Revenue Over Operating Expenses	\$ (32,249)	\$ 6,878,131	\$ 251,718	\$ 1,354,462	\$ 935,623	\$ 38,178,065	\$ (7,353,492)	\$ 1,894,838	\$ -	\$ -
97100	Extraordinary Maintenance	-	129,803	-	-	-	-	11,435	-	-	-
97200	Casualty Losses - Non-capitalized	-	-	-	-	-	-	-	-	-	-
97300	Housing Assistance Payments	75,978	-	-	-	-	-	32,733,136	1,997,469	-	-
97350	HAP Portability-In	-	-	-	-	-	-	59,215	-	-	-
97400	Depreciation Expense	-	1,166,834	-	-	-	-	889,755	-	-	-
97500	Fraud Losses	-	-	-	-	-	-	-	-	-	-
97600	Dwelling Units Rent Expense	-	-	-	-	-	-	-	-	-	-
90000	Total Expenses	\$ 108,227	\$ 8,556,352	\$ 105,811	\$ -	\$ -	\$ -	\$ 42,228,467	\$ 2,195,863	\$ 81,608	\$ 41,724
10010	Operating Transfer In	107,777	3,203,681	-	-	-	-	42,425,291	-	-	-
10020	Operating transfer Out	-	(1,047,403)	(238,010)	(1,354,462)	(935,623)	(38,178,065)	(2,314,067)	-	-	-
10030	Operating Transfers from/to Primary Government	-	-	-	-	-	-	-	-	-	-

Line Item No.	Description	Project WA005000016	Business Activities	State/Local	14. OPS MTW Demonstration Program for Low Rent	14. CFP MTW Demonstration Program for Capital Fund	14. HCV MTW Demonstration Program for HCV Program	14. 881 Moving to Work Demonstration Program	14. 871 Housing Choice Vouchers	14. 870 Resident Opportunity and Supportive Services	14. 218 Community Development Block Grants/Entitlement Grants
10040	Operating Transfers from/to Component Unit	-	-	-	-	-	-	-	-	-	-
10070	Extraordinary Items, Net Gain/Loss	-	-	-	-	-	-	-	-	-	-
10080	Special Items (Net Gain/Loss)	-	-	-	-	-	-	-	-	-	-
10091	Inter Project Excess Cash Transfer In	(33,068)	-	-	-	-	-	-	-	-	-
10092	Inter Project Excess Cash Transfer Out	-	-	-	-	-	-	-	-	-	-
10093	Transfers between Project and Project - In	-	-	-	-	-	-	-	-	-	-
10094	Transfers between Project and Program - Out	-	-	-	-	-	-	-	-	-	-
10100	Total Other financing Sources (Uses)	\$ 74,709	\$ 2,156,278	\$ (238,010)	\$ (1,354,462)	\$ (935,623)	\$ (38,178,065)	\$ 40,111,224	\$ -	\$ -	\$ -
10000	Excess (Deficiency) of Revenue Over (Under) Expenses	\$ (33,518)	\$ 7,737,772	\$ 13,708	\$ -	\$ -	\$ -	\$ (935,809)	\$ (102,631)	\$ -	\$ -
11020	Required Annual Debt Principal Payments	-	359,875	-	-	-	-	-	-	-	-
11030	Beginning Equity	33,518	105,807,894	-	-	-	-	3,993,149	245,844	-	-
11040	Prior period adjustments, equity transfers, and correction of errors	-	-	-	-	-	-	-	-	-	-
11170	Administrative Fee Equity	-	-	-	-	-	-	-	-	-	-
11180	Housing Assistance Payments Equity	-	-	-	-	-	-	-	143,213	-	-
11190	Unit Months Available	130	2,769	-	-	-	-	51,600	3,628	-	-
11210	Unit Months Leased	130	2,721	-	-	-	-	48,158	3,384	-	-
11270	Excess Cash	-	-	-	-	-	-	-	-	-	-
11610	Land Purchases	-	-	-	-	-	-	-	-	-	-
11620	Building Purchases	-	-	-	-	-	-	-	-	-	-
11630	Furniture & Equipment-Dwelling Purchases	-	-	-	-	-	-	-	-	-	-
11640	Furniture & Equipment-Administrative Purchases	-	-	-	-	-	-	-	-	-	-
11650	Leasehold Improvements Purchases	-	-	-	-	-	-	-	-	-	-
11660	Infrastructure Purchases	-	-	-	-	-	-	-	-	-	-
13510	CFPP Debt Service Payments	-	-	-	-	-	-	-	-	-	-
13901	Replacement Housing Factor Funds	-	-	-	-	-	-	-	-	-	-

Line Item No.	Description	14,249 Section 8 Moderate Rehabilitation Single Room Occupancy	14,896 Family Self-Sufficiency Program	10,664 Cooperative Forestry Assistance	Blended Component Units	Discretely Presented Component Units	Elimination	Total
111	Cash - Unrestricted	53,121	-	-	731,193	3,542,471	-	11,065,009
112	Cash - Restricted - Modernization and Development	-	-	-	-	1,657,021	-	13,309,340
113	Cash - Other Restricted	-	-	-	-	6,438,658	-	7,449,723
114	Cash - Tenant Security Deposits	-	-	-	-	331,024	-	499,861
115	Cash - Restricted for Payment of Current Liabilities	24,039	-	-	-	-	-	24,039
100	Total Cash	\$ 77,160	\$ -	\$ -	\$ 731,193	\$ 11,969,174	\$ -	\$ 32,347,972
121	Accounts Receivable - PHA Projects	-	-	-	-	-	-	-
122	Accounts Receivable - HUD Other Projects	-	15,986	-	-	-	-	78,250
124	Accounts Receivable - Other Government	-	-	10,000	-	-	-	65,474
125	Accounts Receivable - Miscellaneous	307	-	-	-	224,608	-	1,151,302
126	Accounts Receivable - Tenants	-	-	-	-	319,385	-	420,334
126.1	Allowance for Doubtful Accounts - Tenants	-	-	-	-	(153,042)	-	(217,407)
126.2	Allowance for Doubtful Accounts - Other	-	-	-	-	-	-	-
127	Notes, Loans, & Mortgages Receivable - Current	-	-	-	-	-	-	49,370,447
128	Fraud Recovery	465	-	-	-	-	-	27,683
128.1	Allowance for Doubtful Accounts - Fraud	(465)	-	-	-	-	-	(12,998)
129	Accrued Interest Receivable	-	-	-	-	-	-	307,367
120	Total Receivables, Net of Allowances for Doubtful Accounts	\$ 307	\$ 15,986	\$ 10,000	\$ -	\$ 390,951	\$ -	\$ 51,190,452
131	Investments - Unrestricted	-	-	-	-	-	-	-
132	Investments - Restricted	-	-	-	-	-	-	-
135	Investments - Restricted for Payment of Current Liability	-	-	-	-	-	-	-
142	Prepaid Expenses and Other Assets	-	-	-	-	1,667	-	97,822
143	Inventories	-	-	-	-	-	-	-
143.1	Allowance for Obsolete Inventories	-	-	-	-	-	-	-
144	Inter Program Due From	-	-	-	-	-	(3,101,487)	-
145	Assets Held for Sale	-	-	-	-	-	-	-
150	Total Current Assets	\$ 77,467	\$ 15,986	\$ 10,000	\$ 731,193	\$ 12,361,792	\$ (3,101,487)	\$ 83,636,246
161	Land	-	-	-	-	805,823	-	19,950,037
162	Buildings	-	-	-	-	213,281,739	-	251,664,072
163	Furniture, Equipment & Machinery - Dwellings	-	-	-	-	3,944,524	-	4,650,979
164	Furniture, Equipment & Machinery - Administration	-	-	-	-	99,565	-	4,206,184
165	Leasehold Improvements	-	-	-	-	17,376,146	-	31,206,331
166	Accumulated Depreciation	-	-	-	-	(36,457,909)	-	(54,025,473)
167	Construction in Progress	-	-	-	-	-	-	1,016,584
168	Infrastructure	-	-	-	-	-	-	-
160	Total Capital Assets, Net of Accumulated Depreciation	\$ -	\$ -	\$ -	\$ -	\$ 199,049,888	\$ -	\$ 258,668,714
171	Notes, Loans and Mortgages Receivable - Non-Current	-	-	-	-	-	-	78,902,722
172	Notes, Loans, & Mortgages Receivable - Non Current - Past	-	-	-	-	-	-	-
173	Grants Receivable - Non Current	-	-	-	-	-	-	-
174	Other Assets	-	-	-	-	924,535	-	16,345,370
176	Investments in Joint Ventures	-	-	-	-	-	-	-
180	Total Non-Current Assets	\$ -	\$ -	\$ -	\$ -	\$ 199,974,423	\$ -	\$ 353,916,806
200	Deferred Outflow of Resources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	1,058,673

Line Item No.	Description	14,249 Section 8 Moderate Rehabilitation Single Room Occupancy	14,896 Family Self-Sufficiency Program	10,664 Cooperative Forestry Assistance	Blended Component Units	Discretely Presented Component Units	Elimination	Total
290	Total Assets and Deferred Outflow of Resources	\$ 77,467	\$ 15,986	\$ 10,000	\$ 731,193	\$ 212,336,215	\$ (3,101,487)	\$ 438,611,725
311	Bank Overdraft	-	-	-	-	-	-	-
312	Accounts Payable <= 90 Days	-	-	-	-	-	-	-
313	Accounts Payable >90 Days Past Due	-	-	10,000	-	2,729,350	-	4,091,780
321	Accrued Wage/Payroll Taxes Payable	-	-	-	-	-	-	381,980
322	Accrued Compensated Absences - Current Portion	-	-	-	-	-	-	49,057
324	Accrued Contingency Liability	-	-	-	-	-	-	-
325	Accrued Interest Payable	-	-	-	-	377,899	-	801,891
331	Accounts Payable - HUD PHA Programs	24,039	-	-	-	-	-	24,124
332	Account Payable - PHA Projects	-	-	-	-	-	-	-
333	Accounts Payable - Other Government	-	-	-	-	-	-	-
341	Tenant Security Deposits	-	-	-	-	338,126	-	507,322
342	Unearned Revenue	-	-	-	-	80,402	-	636,473
343	Current Portion of Long-term Debt - Capital	-	-	-	-	14,344,868	-	14,947,955
344	Current Portion of Long-term Debt - Operating Borrowings	-	-	-	-	-	-	-
345	Other Current Liabilities	-	-	-	-	1,705,328	-	1,728,212
346	Accrued Liabilities - Other	-	-	-	-	7,972,330	-	7,981,477
347	Inter Program - Due To	-	15,986	-	3,603	-	(3,101,487)	-
348	Loan Liability - Current	-	-	-	-	41,469,870	-	82,888,616
310	Total Current Liabilities	\$ 24,039	\$ 15,986	\$ 10,000	\$ 3,603	\$ 69,018,173	\$ (3,101,487)	\$ 114,038,887
351	Long-term Debt, Net of Current-Capital Projects/Mortgage	-	-	-	-	11,580,194	-	57,998,542
352	Long-term Debt, Net of Current-Operating Borrowings	-	-	-	-	672,600	-	672,600
353	Non-current Liabilities - Other	-	-	-	-	15,435,657	-	16,536,013
354	Accrued Compensated Absences - Non Current	-	-	-	-	-	-	973,379
355	Loan Liability - Non Current	-	-	-	-	78,119,057	-	78,119,057
356	FASB 5 Liabilities	-	-	-	-	-	-	-
357	Accrued Pension and OFEB Liabilities	-	-	-	-	-	-	5,862,658
350	Total Non-Current Liabilities	\$ -	\$ -	\$ -	\$ -	\$ 105,807,508	\$ -	\$ 160,162,249
300	Total Liabilities	\$ 24,039	\$ 15,986	\$ 10,000	\$ 3,603	\$ 174,825,681	\$ (3,101,487)	\$ 274,201,136
400	Deferred Inflow of Resources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	983,453
508.4	Net Investment in Capital Assets	-	-	-	-	43,152,911	-	70,810,682
511.4	Restricted Net Position	-	-	-	-	8,080,858	-	20,588,353
512.4	Unrestricted Net Position	53,428	-	-	727,590	(13,723,235)	-	72,028,101
513	Total Equity - Net Position	\$ 53,428	\$ -	\$ -	\$ 727,590	\$ 37,510,534	\$ -	\$ 163,427,136
600	Total Liab., Def. Inflow of Res., and Equity - Net Position	\$ 77,467	\$ 15,986	\$ 10,000	\$ 731,193	\$ 212,336,215	\$ (3,101,487)	\$ 438,611,725
70300	Net Tenant Rental Revenue	-	-	-	-	10,378,241	-	12,795,050
70400	Tenant Revenue - Other	-	-	-	-	129,178	-	222,022
70500	Total Tenant Revenue	\$ -	\$ -	\$ -	\$ -	\$ 10,507,419	\$ -	\$ 13,017,072

Line Item No.	Description	14,249 Section 8 Moderate Rehabilitation Single Room Occupancy	14,896 Family Self-Sufficiency Program	10,664 Cooperative Forestry Assistance	Blended Component Units	Discretely Presented Component Units	Elimination	Total
70600	HUD PHA Operating Grants	371,637	197,662	-	-	-	-	43,210,251
70610	Capital Grants	-	-	-	-	-	-	-
70710	Management Fee	-	-	-	-	-	-	-
70720	Asset Management Fee	-	-	-	-	-	-	-
70730	Book Keeping Fee	-	-	-	-	-	-	-
70740	Front Line Service Fee	-	-	-	-	-	-	-
70750	Other Fees	-	-	-	-	-	(75,893)	-
70700	Total Fee Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (75,893)	\$ -
70800	Other Government Grants	-	-	10,000	-	-	-	409,253
71100	Investment Income - Unrestricted	492	-	-	1,605	13,993	-	91,763
71200	Mortgage Interest Income	-	-	-	-	-	-	3,186,568
71300	Proceeds from Disposition of Assets Held for Sale	-	-	-	-	-	-	-
71310	Cost of Sale of Assets	-	-	-	-	-	-	-
71400	Fraud Recovery	-	-	-	-	-	-	13,754
71500	Other Revenue	-	-	-	424,566	1,088,075	(178,683)	10,832,253
71600	Gain or Loss on Sale of Capital Assets	-	-	-	-	-	-	1,423,569
72000	Investment Income - Restricted	-	-	-	-	25,178	-	46,417
70000	Total Revenue	\$ 372,129	\$ 197,662	\$ 10,000	\$ 426,171	\$ 11,635,665	\$ (254,576)	\$ 72,230,880
91100	Administrative Salaries	-	-	-	13,940	887,265	-	7,821,644
91200	Auditing Fees	285	-	-	1,100	94,094	-	168,140
91300	Management Fee	53,421	-	-	-	808,829	(172,091)	869,704
91310	Book-keeping Fee	-	-	-	-	-	-	-
91400	Advertising and Marketing	-	-	-	14	3,581	-	24,178
91500	Employee Benefit Contributions - Administrative	-	-	-	5,208	361,725	-	2,939,133
91600	Office Expenses	-	-	-	674	232,617	-	1,074,037
91700	Legal Expense	-	-	-	-	62,928	-	323,314
91800	Travel	-	-	-	8,417	1,126	-	115,861
91810	Allocated Overhead	-	-	-	-	-	-	-
91900	Other	15,768	-	-	13,210	112,757	(82,485)	749,014
91000	Total Operating - Administrative	\$ 69,474	\$ -	\$ -	\$ 42,563	\$ 2,564,922	\$ (254,576)	\$ 14,085,025
92000	Asset Management Fee	\$ -	\$ -	\$ -	\$ -	\$ 57,362	\$ -	\$ 57,362
92100	Tenant Services - Salaries	-	133,662	-	-	-	-	818,010
92200	Relocation Costs	-	-	-	-	116,412	-	150,602
92300	Employee Benefit Contributions - Tenant Services	-	63,266	-	-	-	-	354,775
92400	Tenant Services - Other	-	-	-	7,504	167,410	-	441,152
92500	Total Tenant Services	\$ -	\$ 196,928	\$ -	\$ 7,504	\$ 283,822	\$ -	\$ 1,764,539
93100	Water	-	-	-	-	370,152	-	442,540
93200	Electricity	-	-	-	-	232,280	-	311,282
93300	Gas	-	-	-	-	31,111	-	35,137
93400	Fuel	-	-	-	-	-	-	-
93500	Labor	-	-	-	-	-	-	-
93600	Sewer	-	-	-	-	785,315	-	968,516
93700	Employee Benefit Contributions - Utilities	-	-	-	-	-	-	-
93800	Other Utilities Expense	-	-	-	-	-	-	-

Line Item No.	Description	14,249 Section 8 Moderate Rehabilitation Single Room Occupancy	14,896 Family Self-Sufficiency Program	10,664 Cooperative Forestry Assistance	Blended Component Units	Discretely Presented Component Units	Elimination	Total
93000	Total Utilities	\$ -	\$ -	\$ -	\$ -	\$ 1,418,858	\$ -	\$ 1,757,475
94100	Ordinary Maintenance and Operations - Labor	-	-	-	-	811,541	-	1,800,561
94200	Ordinary Maintenance and Operations - Materials and	-	-	-	-	460,808	-	580,151
94300	Ordinary Maintenance and Operations - Contracts	-	-	10,000	-	1,245,115	-	1,670,607
94500	Employee Benefit Contributions - Ordinary Maintenance	-	-	-	-	315,742	-	670,591
94000	Total Maintenance	\$ -	\$ -	\$ 10,000	\$ -	\$ 2,833,206	\$ -	\$ 4,721,910
95100	Protective Services - Labor	-	-	-	-	-	-	-
95200	Protective Services - Other Contract Costs	-	-	-	-	138,273	-	165,040
95300	Protective Services - Other	-	-	-	-	2,036	-	8,373
95500	Employee Benefit Contributions - Protective Services	-	-	-	-	-	-	-
95000	Total Protective Services	\$ -	\$ -	\$ -	\$ -	\$ 140,309	\$ -	\$ 173,413
96110	Property Insurance	-	-	-	-	360,611	-	438,350
96120	Liability Insurance	68	-	-	-	159,804	-	223,577
96130	Workmen's Compensation	-	734	-	73	64,987	-	182,862
96140	All Other Insurance	-	-	-	-	29,161	-	40,930
96100	Total Insurance Premiums	\$ 68	\$ 734	\$ -	\$ 73	\$ 614,563	\$ -	\$ 885,739
96200	Other General Expenses	-	-	-	-	713,054	-	2,143,105
96210	Compensated Absences	-	-	-	-	326,596	-	326,596
96300	Payments in Lieu of Taxes	-	-	-	-	-	-	14,384
96400	Bad debt - Tenant Rents	-	-	-	-	96,387	-	108,136
96500	Bad debt - Mortgages	-	-	-	-	-	-	-
96600	Bad debt - Other	-	-	-	-	1,362	-	1,362
96800	Severance Expense	-	-	-	-	-	-	27,158
96000	Total Other General Expenses	\$ -	\$ -	\$ -	\$ -	\$ 809,441	\$ -	\$ 2,620,741
96710	Interest of Mortgage (or Bonds) Payable	-	-	-	-	495,655	-	524,700
96720	Interest on Notes Payable (Short and Long Term)	-	-	-	-	3,785,318	-	3,978,869
96730	Amortization of Bond Issue Costs	-	-	-	-	83,795	-	83,795
96700	Total Interest Expense and Amortization Cost	\$ -	\$ -	\$ -	\$ -	\$ 4,364,768	\$ -	\$ 4,587,364
96900	Total Operating Expenses	\$ 69,542	\$ 197,662	\$ 10,000	\$ 50,140	\$ 13,087,251	\$ (254,576)	\$ 30,653,568
97000	Excess Operating Revenue Over Operating Expenses	\$ 302,587	\$ -	\$ -	\$ 376,031	\$ (1,451,586)	\$ -	\$ 41,577,312
97100	Extraordinary Maintenance	-	-	-	-	33,325	-	184,063
97200	Casualty Losses - Non-capitalized	-	-	-	-	44,120	-	47,200
97300	Housing Assistance Payments	302,587	-	-	-	-	-	35,109,170
97350	HAP Portability-In	-	-	-	-	-	-	59,215
97400	Depreciation Expense	-	-	-	-	5,694,964	-	8,027,499
97500	Fraud Losses	-	-	-	-	-	-	-
97600	Dwelling Units Rent Expense	-	-	-	-	-	-	-
90000	Total Expenses	\$ 372,129	\$ 197,662	\$ 10,000	\$ 50,140	\$ 18,859,680	\$ (254,576)	\$ 74,080,715
10010	Operating Transfer In	-	-	-	-	-	-	-
10020	Operating Transfer Out	-	-	-	-	-	(47,031,479)	-
10030	Operating Transfers from/to Primary Government	-	-	-	-	-	47,031,479	-

Line Item No.	Description	14,249 Section 8 Moderate Rehabilitation Single Room Occupancy	14,896 Family Self-Sufficiency Program	10,664 Cooperative Forestry Assistance	Blended Component Units	Discretely Presented Component Units	Elimination	Total
10040	Operating Transfers from/to Component Unit	-	-	-	-	-	-	-
10070	Extraordinary Items, Net Gain/Loss	-	-	-	-	-	-	-
10080	Special Items (Net Gain/Loss)	-	-	-	-	-	-	-
10091	Inter Project Excess Cash Transfer In	-	-	-	-	-	(38,728)	-
10092	Inter Project Excess Cash Transfer Out	-	-	-	-	-	38,728	-
10093	Transfers between Program and Project - In	-	-	-	-	-	-	-
10094	Transfers between Project and Program - Out	-	-	-	-	-	-	-
10100	Total Other financing Sources (Uses)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
10000	Excess (Deficiency) of Revenue Over (Under) Expenses	\$ -	\$ -	\$ -	\$ 376,031	\$ (7,223,995)	\$ -	\$ (1,849,835)
11020	Required Annual Debt Principal Payments	-	-	-	-	914,007	-	1,273,882
11030	Beginning Equity	53,428	-	-	351,559	44,734,529	-	165,276,971
11040	Prior period adjustments, equity transfers, and correction of errors	-	-	-	-	-	-	-
11170	Administrative Fee Equity	-	-	-	-	-	-	-
11180	Housing Assistance Payments Equity	-	-	-	-	-	-	143,213
11190	Unit Months Available	852	-	-	-	12,029	-	75,156
11210	Unit Months Leased	744	-	-	-	11,716	-	70,876
11270	Excess Cash	-	-	-	-	-	-	415,094
11610	Land Purchases	-	-	-	-	-	-	-
11620	Building Purchases	-	-	-	-	-	-	346,889
11630	Furniture & Equipment-Dwelling Purchases	-	-	-	-	-	-	-
11640	Furniture & Equipment-Administrative Purchases	-	-	-	-	-	-	-
11650	Leasehold Improvements Purchases	-	-	-	-	-	-	-
11660	Infrastructure Purchases	-	-	-	-	-	-	-
13510	CFFP Debt Service Payments	-	-	-	-	-	-	-
13901	Replacement Housing Factor Funds	-	-	-	-	-	-	-

Actual Modernization Cost Certificate

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

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

Capital Fund Program (CFP)

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

Do not send this form to the above address.

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

PHA Name: HOUSING AUTHORITY OF THE CITY OF TACOMA	Modernization Project Number: WA19P00550116
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The PHA hereby certifies to the Department of Housing and Urban Development as follows:

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

A. Funds Approved	\$ 1,596,447.00
B. Funds Disbursed	\$ 1,596,447.00
C. Funds Expended (Actual Modernization Cost)	\$ 1,596,447.00
D. Amount to be Recaptured (A-C)	\$
E. Excess of Funds Disbursed (B-C)	\$

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

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

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

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

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

Michael Mirra, Executive Director

Signature of Executive Director (or Authorized Designee):

M. Mirra

Date:

7.12.18

For HUD Use Only

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

Approved for Audit (Director, Office of Public Housing)

X

Date:

07/12/2018

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

Approved: (Director, Office of Public Housing)

X

Date:

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.

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Contact information for the State Auditor's Office	
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Toll-free Citizen Hotline	(866) 902-3900
Website	www.sao.wa.gov