Office of the Washington State Auditor
Pat McCarthy

January 25, 2024

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

Contracted CPA Firm's Audit Report on Financial Statements and Federal Single Audit

We have reviewed the audit report issued by a certified public accounting (CPA) firm on the financial statements and compliance with federal grant requirements of the Housing Authority of the City of Seattle for the fiscal year ended December 31, 2022. The Housing Authority contracted with the CPA firm for this audit and requested that we accept it in lieu of performing our own audit.

Based on this review, we have accepted this report in lieu of the audit required by RCW 43.09.260. The Office of the Washington State Auditor did not audit the accompanying financial statements or the Housing Authority of the City of Seattle's compliance with federal grant agreements and, accordingly, we do not express an opinion on those financial statements or on compliance.

This report is being published on the Office of the Washington State Auditor website as a matter of public record.

Sincerely,

Pat McCarthy

Pat McCarthy, State Auditor

Olympia, WA

Americans with Disabilities

In accordance with the Americans with Disabilities Act, we will make this document available in alternative formats. For more information, please contact our Office at (564) 999-0950, TDD Relay at (800) 833-6388, or email our webmaster at webmaster@sao.wa.gov.

THE HOUSING AUTHORITY OF THE
CITY OF SEATTLE, WASHINGTON

Federal Uniform Guidance Reports

Year ended December 31, 2022

(With Independent Auditors' Reports Thereon)

THE HOUSING AUTHORITY OF THE
CITY OF SEATTLE, WASHINGTON

December 31, 2022

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KPMG LLP
Suite 2800
401 Union Street
Seattle, WA 98101

Independent Auditors' 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

The Board of Commissioners
The Housing Authority of the City of Seattle, Washington:

We have audited, in accordance with the 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 Seattle, Washington (the Authority) as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated May 30, 2023.

Our report includes a reference to other auditors who audited the financial statements of certain discretely presented component units, as described in our report on the Authority's financial statements. The financial statements of the discretely presented component units that were audited by other auditors were not audited in accordance with Government Auditing Standards, and accordingly, this report does not include reporting on internal control over financial reporting or compliance and other matters associated with the discretely presented component units or that are reported on separately by those auditors who audited the financial statements of the discretely presented component units.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing 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 Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 entity'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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority*'s* financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 entity*'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

KPMG LLP

Seattle, Washington
May 30, 2023

KPMG LLP
Suite 2800
401 Union Street
Seattle, WA 98101

Independent Auditors' Report on Compliance for Each Major Federal Program, Report on Internal Control Over Compliance, and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

The Board of Commissioners
The Housing Authority of the City of Seattle, Washington:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Housing Authority of the City of Seattle, Washington's (the Authority) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended December 31, 2022. The Authority's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Authority complied, in all material respects, with the 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, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Authority's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Authority's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the

Authority's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Authority's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks; such procedures include examining, on a test basis, evidence regarding the Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances
- Obtain an understanding of the Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the Authority's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a 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 Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the business-type activities and the aggregate discretely presented component units of the Authority as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements. We issued our report thereon dated May 30, 2023, which contained unmodified opinions on those financial statements. Our report also includes a reference to other auditors who audited the financial statements of certain discretely presented component units, as described in our report on the Authority's basic financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

KPMG LLP

Seattle, Washington
June 2, 2023

**THE HOUSING AUTHORITY OF THE
CITY OF SEATTLE, WASHINGTON**

Schedule of Expenditures of Federal Awards

Year ended December 31, 2022

Grantor agency/pass–through agency/program/grant name	Assistance Listing number	Pass–through entity identifying number or grant number	Expenditures	Amounts passed through to subrecipients
U.S. Department of Housing and Urban Development (HUD):				
Moving to Work Demonstration Program:				
Public and Indian Housing – Comprehensive Grant Program:	14.881			
Capital Funds Program Year 18 – Fund 627		WA19P00150117	$ 53,558	—
Capital Funds Program Year 19 – Fund 628		WA01P00150118	3,706,392	—
Capital Funds Program Year 20 – Fund 629		WA01P00150119	735,955	—
Capital Funds Program Year 21 – Fund 630		WA01P00150120	3,294,576	—
Capital Funds Program Year 21 – Fund 630 (Special CO/Smoke)		WA01E00150120	156,733	—
Capital Funds Program Year 22 – Fund 631		WA01P00150121	5,941,934	—
Capital Funds Program Year 22 – Fund 631 (Special CO/Smoke)		WA01E00150121	122,387	—
			14,011,535	—
Moving to Work Section 8 Housing Choice Program	14.881	WA001VOW158-170, WA001AFE034-35,37-40 WA001VOPR21, WA001VO0427,429-430,450,453-455,457,459,482	179,314,811	—
Public and Indian Housing Conventional – Operating	14.881	WA001-00000922D	45,433,857	—
Public and Indian Housing Conventional – Operating	14.881	WA001-00000116D	1,949	—
Public and Indian Housing Conventional – Operating	14.881	WA001-00000117D	115,745	—
Public and Indian Housing Conventional – Operating	14.881	WA001-00000118D	8,195	—
Public and Indian Housing Conventional – Operating	14.881	WA001-00000119D	6,571	—
Moving to Work Demonstration Program total			238,892,663	—
Section 8 Project-Based Cluster:				
Multifamily Service Coordinators	14.191	MFSC176040	7,416	—
Section 8 Moderate Rehabilitation	14.856	WA001MR0004-K001015	1,730,732	—
Section 8 Project-Based Cluster total			1,738,148	—
Housing Voucher Cluster:				
Section 8 Housing Choice Program:	14.871			
Non-MTW – Family Unification Program		WA001VO0426-427,450,453,455-457,459	4,148,486	—
Non-MTW – Administrative Fee Funding		WA0018F0047-52, WA0018FR122,222	1,629,224	—
Non-MTW – RAD 2		WA001VO0431-435, WA001VO0451-452	4,294,674	—
Non-MTW – Tenant Protection		WA001VO0420,422-3, 428, 458	2,890,820	—
Non-MTW – Veterans Affairs Supportive Housing		WA001VO0436-449	4,960,842	—
Non-MTW – Emergency Housing Vouchers		WA001EH001-2	4,624,699	—
Non-MTW – Emergency Housing Vouchers – Administrative Fees		WA001EH001-2	466,870	—
Non-MTW – Emergency Housing Vouchers – Preliminary Fees		WA001EP0001	199,200	—
Non-MTW – Emergency Housing Vouchers – Special Fees		WA001ES001	708,156	—
Non-MTW – Emergency Housing Vouchers – Placement Fees		WA001EI0002-4	7,500	—
Non-MTW – Emergency Housing Vouchers – Issuance Fees		WA001EC0001-9	19,100	—
Mainstream Vouchers:	14.879			
Non-MTW – Mainstream Disabilities		WA001DV0057-62,64	3,304,087	—
Non-MTW – Mainstream Disabilities – Administrative Fees		WA0018F0047-52,WA0018FR 122,222	368,630	—
Housing Voucher Cluster total			27,622,288	—
ROSS-Service Coordinators Program	14.870	ROSS191268,ROSS221640	186,053	
Family Self-Sufficiency	14.896	FSS22WA4549	624,997	
Total HUD			269,064,149	—
Department of Homeland Security:				
Disaster Grants – Public Assistance (Presidentially Declared Disasters)	97.036	033-UV2MZ-00	397,944	
Total Department of Homeland Security			397,944	—
Total federal expenditures			$ 269,462,093	—

See accompanying notes to the schedule of expenditures of federal awards.

THE HOUSING AUTHORITY OF THE
CITY OF SEATTLE, WASHINGTON

Notes to Schedule of Expenditures of Federal Awards

Year ended December 31, 2022

(1) General

The accompanying schedule of expenditures of federal awards (the Schedule) presents the activity of all federal financial assistance programs administered by The Housing Authority of the City of Seattle, Washington (the Authority), for the year ended December 31, 2022. The information presented in this Schedule is presented in accordance with the 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). The Authority's organizational structure is defined in note 1 of the notes to the Authority's basic financial statements. All federal financial assistance received directly from federal agencies, and federal financial assistance passed through from other government agencies or organizations have been included in the accompanying Schedule. Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Authority.

(2) Basis of Accounting

Expenditures reported on the accompanying Schedule are presented using the accrual basis of accounting, which is described in note 1 of the notes to the Authority's basic financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited to reimbursement.

(3) Relationship to Federal Financial Reports

Amounts reported in the accompanying Schedule may not agree with the amounts reported in the related federal financial reports filed with grantor agencies because of accruals reflected in the Schedule that would be included in a future report filed with the agencies.

(4) Cost Rate

The Authority has elected not to use the de minimis 10% indirect cost rate.

THE HOUSING AUTHORITY OF THE
CITY OF SEATTLE, WASHINGTON

Schedule of Findings and Questioned Costs

Year ended December 31, 2022

(1) Summary of Auditors' Results

(a) Type of report issued on whether the financial statements were prepared in accordance with generally accepted accounting principles: **Unmodified**

(b) Internal control deficiencies over financial reporting disclosed by the audit of the financial statements:

- Material weaknesses: **No**
- Significant deficiencies: **None reported**

(c) Noncompliance material to the financial statements: **No**

(d) Internal control deficiencies over major programs disclosed by the audit:

- Material weaknesses: **No**
- Significant deficiencies: **None reported**

(e) Type of report issued on compliance for major programs: **Unmodified**

(f) Audit findings that are required to be reported in accordance with 2 CFR 200.516(a): **No**

(g) Major programs:

- Moving to Work Demonstration Program – Assistance Listing (AL) 14.881

(h) Dollar threshold used to distinguish between Type A and Type B programs: **$3,000,000**

(i) Auditee qualified as a low-risk auditee: **Yes**

(2) Findings Relating to the Financial Statements Reported in Accordance with *Government Auditing Standards*

None

(3) Findings and Questioned Costs Relating to Federal Awards

None

The Housing Authority
of the City of Seattle, Washington

Annual
Comprehensive Financial
Report

For the year ended
December 31, 2022

THE HOUSING AUTHORITY OF THE CITY OF SEATTLE, WASHINGTON

Annual Comprehensive Financial Report

For the year ended December 31, 2022

Issued by
Department of Finance & Administrative Services
Jared Cummer, Interim Chief Financial Officer

THE HOUSING AUTHORITY OF THE CITY OF SEATTLE, WASHINGTON

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THE HOUSING AUTHORITY OF THE CITY OF SEATTLE, WASHINGTON

Section I

Introductory Section
(Unaudited)

May 30, 2023

Members of the Board of Commissioners
Housing Authority of the City of Seattle, Washington:

Introduction

We are pleased to present The Housing Authority of the City of Seattle (referred to hereafter as "the Seattle Housing Authority", "the Authority" or "SHA") Annual Comprehensive Financial Report (ACFR) for the year ended December 31, 2022. This report was prepared by the Authority's Finance Team, and the Authority's 2022 financial statements included in this ACFR were audited by the national public accounting firm of KPMG LLP, with assistance from the Seattle public accounting firm of Francis & Company PLLC. The independent auditor's report of KPMG LLP can be found in section 2 of the ACFR and we invite the community to review the SHA 2022 ACFR.

The management of the Authority is responsible for the data presented in this report and to the best of our knowledge, the data as presented is accurate in all material respects; presented in a manner to fairly state the financial position of the Authority; includes all necessary disclosures; and based on a system of internal controls comprised of policies and procedures designed to minimize, prevent, and detect risks. The effectiveness of SHA's internal controls is tested in the course of the independent financial, compliance, and performance audits.

For an overview of the Authority's 2022 financial conditions, please review "Management's Discussion and Analysis", found in Section II: FINANCIAL SECTION of the ACFR, with this transmittal letter.

Profile of Seattle Housing Authority

Independent Public Jurisdiction: The Authority is an independent governmental entity created by the City of Seattle (City) in 1939 pursuant to State Law (RCW 35.82) and the United States Housing Act of 1937. Although it maintains close ties with the City in several respects, the Authority is not a component unit of the City, as defined by the pronouncements of the Governmental Accounting Standards Board. The City is not financially accountable for the operations of the Authority, has no responsibility to fund its deficits or receive its surpluses, and has not guaranteed the Authority's debt.

Moving to Work Housing Authority: The Authority is one of the original 39 public housing authorities designated as a "Moving to Work" (MTW) housing authority. SHA signed its MTW contract in 1999; the agreements of all 39 MTW agencies were extended through 2028 under their original terms. The MTW program was created as a demonstration by Congress in 1996 and has three statutory objectives:

- Reduce cost and achieve greater cost effectiveness in federal expenditures;
- Give incentives to families with children where the head of household is working, is seeking work, or is preparing for work by participating in job training, educational, or job referral programs, to obtain employment and become economically self-sufficient; and,
- Increase housing choices for low-income families.

As an MTW agency, Seattle Housing Authority has flexibility through its Annual MTW Plan to develop policies and procedures that differ from those prescribed in the United States Housing Act of 1937 and the implementing regulations. The Authority is also authorized to combine public housing operating and capital funds and housing choice voucher funds into an MTW Block Grant and to allocate this single fund to best meet local low-income housing needs. MTW agencies are required by statute to serve substantially the same number of households as the MTW agency would have served had it not combined its federal funds as provided under the demonstration.

Governing Body and Strategic Guidance: The governing body of the Authority is the Board of Commissioners. The Board is comprised of seven members, including two residents, appointed by the Mayor of Seattle, and confirmed by the City Council. Members serve four-year terms and may be reappointed. The Board appoints an Executive Director to administer the affairs of the Authority. The programs and actions of the Authority are guided by SHA's Strategic Plan, Annual Budget, Annual MTW Plan and actions of the Board of Commissioners by Resolution.

The current Strategic Plan, originally adopted by the Board in 2015 for 2016 through 2020, has been maintained without change to date due to the COVID-19 pandemic and change in Executive Director. In 2021, SHA commenced the planning stages for a new Strategic Plan that will be developed with the residents and community, based on the Agency's values of centering race and social justice in everything we do. The Strategic Planning process continued into 2022 and will also continue into 2023.

During the strategic plan development process, the existing five-year Strategic Plan will continue guiding the agency's work. Seattle Housing Authority's current Strategic Plan lays out three Strategic Directions that frame the Authority's key objectives:

Expand Housing Opportunities: SHA serves more people by cultivating additional resources and employing strategies that have the biggest impact in increasing Seattle's affordable housing choices.

Promote Quality Communities: SHA invests in safe, quality housing and connects participants to communities, resources, and services that are designed to meet their needs.

Improve Quality of Life: SHA partners to use housing as a platform to improve quality of life by enhancing health, supporting education and skill development, and other services to help people reach their full potential.

The Strategic Plan also recognizes seven critical Organizational Cornerstones reflecting SHA's values in action. These cornerstones help form the foundation of how SHA advances its mission and pursues strategic directions. Race and Social Justice (RSJ) is one of the Organizational Cornerstones in the agency's current Strategic Plan. SHA reaffirms its commitment to RSJ and aims to further strengthen this value. SHA is in the process of developing a new Strategic Plan that leads with anti-racism and social justice as a critical way to operationalize the agency's equity work and guides SHA towards becoming an anti-racist organization. For more detail on the Strategic Directions and the Organizational Cornerstones, the Strategic Plan can be found on our website.

Housing and People Profile

At the end of 2022, Authority owns and/or manages nearly 8,504 units of housing and administers 12,906 rental vouchers, providing rental housing or rental assistance to over 38,000 low-income people and more than 18,000 households.

The housing that is owned and/or managed by the Authority is located in a variety of locations across the city. The majority of this program is low-income public housing, 4,349 units, which is supported by HUD's Public Housing subsidy that enables households to pay 30 percent of their income for rent and utilities. It also includes housing that is reserved primarily for seniors and disabled adults, 1,030 units, who pay an affordable rent based on income tiers. The remaining units in the program, 3,125 are owned by SHA but have different eligibility and rent rules than the rest of the program and serve people with a wider variety of incomes. They are often financed with low-income housing tax credits and/or tax-exempt bonds.

The Authority also administers the Housing Choice Voucher programs that provide tenant-based and project-based vouchers throughout the city. Tenant-based vouchers enable participants to rent housing from any landlord, provided the housing meets quality standards set by the federal government. Participants generally pay 30–40 percent of their income for rent and utilities. SHA pays the remainder, up to an established maximum, directly to the landlord. Vouchers are assigned to the participant, not any particular housing unit, and, if tenants remain in compliance with their leases and program rules, they can apply the voucher to another place to live if they choose to move. Project-based vouchers are long-term funding commitments that stay with the housing units and do not transfer if a tenant leaves. The funding is attached to specific units of housing, typically operated by private nonprofit housing providers or the Authority. These units also must meet housing quality standards set by the federal government and the tenants that live in these units generally pay 30–40 percent of their income for rent and utilities.

The Authority serves a wide and diverse range of individuals and families. In 2022, the Authority served 18,228 households and of these households 1,590 were admitted in the 2022 year. The income composition of households served continues to be primarily those that earn 30 percent of area median income (AMI) or less (81 percent) with only 7 percent earning 80 percent AMI or above and the remaining 12 percent somewhere in between. Of these households, 65 percent are one person households, 14 percent are two person and 21 percent are three people or larger. Children, at least one and 18 years or younger, are found in 25 percent of all households. Household tenure of less than ten years represents the majority of households at 68 percent and only 5 percent have had tenure longer than 20 years. The 18,228 households that the Authority serves represents 38,306 individuals. The gender composition of these individuals is 53 percent male and 47 female and 31 percent are under 18 years, 49 percent are 18 to 61 and 20 percent are 62 years or over. The racial composition of these individuals is 54 percent black/African/African American, 20 percent white, 10 percent Asian/Asian American, 6 percent Latinx/Hispanic with the remaining 10 percent Native American/Alaska Native, Pacific Islander/Hawaiian, multi-race or not specified. Of the total individuals served, 25 percent report one or more disabilities.

Economic Conditions and Financial Outlook

All levels of the economy in 2022 were impacted by rapidly rising inflation. At the end of the year, inflation nationally came in at 6.5 percent, while for the Seattle area the rate sat at 8.4 percent. Over the last few months inflation has eased as it dropped to 4.9 percent nationally and 6.9 percent in the Seattle area for April 2023. Despite the easing of inflation, the negative effects of the last year persist as supply chain issues continue in many sectors of the economy and the labor market remains tight. Nationally, unemployment at the end of 2022 sat at 3.6 percent. The rate was slightly higher in Washington State at 4.2 percent, however for the Seattle/Bellevue/Everett area the rate finished the year at 3.1 percent[1]. Another contributor to the tight labor market continues to be lower participation rates. Since 1999-2000, the participation rate in the US labor market has been declining and, adding more pressure, was the decision by many Americans to leave the workforce during the pandemic.[2] As a result, participation rates still remain lower than pre-pandemic levels, but have started to show some signs of improvement.

A concern for the economic outlook for the nation and a continuing debate among economists is whether there will be a recession and when it is likely to start. The primary concern and driver of this debate remains inflation and whether the Federal Reserve's approach to curb inflation and bring it back within their target range of 2 percent. Currently, the consensus around reaching this target range is that will not happen for a few years as inflation will take time to recede from the recent high levels.

[1] Washington Employment Security Department Labor Market and Economic Analysis December 2022 report

[2] Bureau of Labor Statistics

In addition to inflation, geopolitical concerns and disruptions to the world economy from the war in Ukraine, energy supply disruption from sanctions on Russia, the continuing uncertainties over COVID-19 variants, and political gridlock and threats to democracy in the US and in other countries also remain factors that will influence the economic outlook for 2023.

Economic conditions affect the Authority's residents and voucher households, and changes in economic conditions affect the Authority as a business entity. Rising inflation impacts low-income people disproportionately as it forces them to make trade-offs among basic expenses and necessities. Eighty-one percent (81 percent) of the Authority's Households have incomes of 30 percent or below the area median income. The impact is even greater for elderly and disabled households that are on fixed incomes and have larger medical expenses. Voucher participants use a Section 8 voucher to subsidize the difference between the total rent and the amount they pay, which is based on 30 percent of their eligible income. However, if the total rent the landlord is charging is above the voucher payment standard (The maximum rent amount SHA will subsidize), the tenant may pay in excess of 30 percent of their income as their share of the rent. Voucher participants, especially those leasing a private market rental unit, are directly impacted by changes in the rental market, and increased rental costs due to inflation and changes in the labor market.

The operations of the Authority are impacted by inflationary pressures in the labor market, similar to any public or private entity. The Authority has labor agreements that are tied to inflation indices and escalate, along with benefit costs that are tied to salaries. If high levels of inflation persist, the escalation compounds. Capital preservation and rehabilitation projects typically have a 2-to 4-year cycle between when they are initially funded and when they are completed. Development projects typically have a cycle from planning through to completion of 5 to 7 years. Inflation leads to increases in the cost of labor and materials and financing costs. The Authority plans for unforeseen cost increases through various contingency plans.

Federal Funding – Status and Outlook

The Authority relies on federal funding through the Department of Housing and Urban Development (HUD) for approximately 70 percent of overall revenue sources. Federal funding is allocated to the Authority through three core HUD programs, Section 8 Housing Choice Vouchers (HCV), Public Housing Operating Fund and the Public Housing Capital Fund. As a result, changes in appropriation levels can have a large impact on the Authority's annual budget and financials.

At the end of 2022, Congress passed the Consolidated Appropriations Act, 2023, and the President signed HR 2167 into law. The passage of this Bill sets the FY 2023 budget for federal defense and non-defense discretionary programs and represents an increase of 9.8 percent in HUD's budgets over FY 2022.

Since Congress has not typically passed a budget by the time the Board of Commissioners is voting on the next year's proposed budget, the Authority takes a conservative approach in developing revenue forecasts, which include our annual federal funding allocations. Over the past four years, our federal funding levels have come in higher than anticipated and have supported the adopted budgets not requiring any revisions. However, the federal budgets over the last few years have been delayed beyond the end of the fiscal years. As a result, the Authority develops and proposes the budget for the ensuing year by September and the SHA Board of Commissioners votes on the proposed budget in October for the following calendar year.

The Authority has begun our 2024 Budget development process and at this stage we have limited information on the FY 2024 Federal Budget as Congress is currently focused on the Debt Ceiling. President Biden's 2024 proposed budget was submitted to Congress March 9, 2023. For HUD, the President proposed HUD's discretionary program budget for 2024 at $73.3 billion, represents an increase of 1.6 percent over the FY 2023 enacted HUD Budget. The President's 2024 Budget centerpiece is to provide housing assistance on the mandatory side of the federal budget process. This historic proposal would be a significant housing investment for extremely low-income renters and the public housing program. Specifically, the proposed funding would provide $7.5 billion in funding to rehabilitate and redevelop distressed public housing and $22 billion in housing vouchers for extremely low-income (ELI) veterans and youth aging out of the foster care system. While the President's Budget would be historic for the Authority's federal funding levels, it is unlikely that it will pass as proposed. The Authority will continue to take a conservative approach to guard against funding cuts, like those proposed by some in Congress.

Financial Management and Oversight

Internal Controls

The Authority's management is responsible for establishing and maintaining the internal control structure designed to ensure that the Authority's assets are protected from loss, theft or misuse, and that representation of the Authority's assets, liabilities, and net position are accurately reflected on the Authority's financial statements, to conform with US generally accepted accounting principles (GAAP). The internal controls are intended to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that the costs and benefits require estimates and the exercise of sound judgment by management.

As a recipient of federal and state financial assistance, the Authority is also responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. The internal control structure is subject to periodic evaluation by management, by third-party expert consultants, and is reviewed by KPMG LLP and by the state auditors annually.

Single Audit

In compliance with the Single Audit Act Amendments of 1996, tests are performed to determine the adequacy of the Authority's internal control structure, including the portion related to federal financial assistance programs, as well as to determine whether the Authority has complied with applicable laws and regulations. The Authority's single audit was carried out by the national public accounting firm of KPMG LLP.

Budget Process and Monitoring

The annual budget for the Authority is prepared by the Executive Director with significant involvement from the Authority's Leadership Team and the support and analysis of the Authority's Budget Division. The budget process begins through consultation with the Executive Director and Leadership Team to agree on the financial forecast to be used for the budget process. The Budget office then works with the various departments to solicit and request input. Through the budget process resident groups are also consulted regarding their concerns and priorities for capital investments and program/service needs. At the end of the budget process, the Executive Director, with the advice from the Leadership Team, determines the final actions to balance the proposed budget.

The Board of Commissioners adopts the annual budget for the Authority after the Executive Director has presented both the Annual MTW Plan and the Authority's proposed budget for public review and comment. The MTW Plan and the proposed budget are primary tools for implementing the Authority's Strategic Plan. The annual proposed budget includes four components – Operations, Housing Assistance Payments (HAPs), Capital, and Development budgets. MTW federal funds comprise 70-75 percent of the combined Operating, HAPs, and Capital revenues. The operating and capital budgets are developed from the community or program level through the Authority's project-based budgeting process.

The development programs and major rehabilitation projects of the Authority that focus on redeveloping and rehabilitating the Authority's existing and planned affordable housing portfolios are supported through mix of financing programs. These programs include the low-income housing tax-credit program, bond and mortgage financing, federal Choice Neighborhood Initiative funds, and federal, state, local, and philanthropic grants.

Once adopted by the Board, the annual budgets are implemented and monitored by all departments of the Authority, with support from the Finance and the Asset Management departments.

Budgeting Control and Program Accountability

The objective of the budget controls implemented by the Authority is to ensure diligent financial management by department managers of actual expenditures in relation to the approved budget. The Finance and Administration department provides quarterly reports to managers, directors and the executive on the status of the budget and on any actions needed to ensure that the Authority operates within the adopted budget. Additionally, monthly financial reports comparing actual revenues and expenses to budget are provided to department and program managers to assist them with timely information for managing their budgets from the individual community level to the overall management level.

A primary component of budget control is to review the impacts of budget revisions following adoption of the annual budget by the Board. These reviews occur at least quarterly and where adjustments are justified, the adopted budget is revised. Traditionally, there are also quarterly reviews of all Housing

Portfolios by the Authority's Asset Management Committee. These sessions were suspended during the COVID-19 and are planning to be restored in 2023. During these sessions budget status is reviewed; vacancies and rent collections trends are noted; unit turnover cost and length of time to return a vacated unit to a new lease are reviewed against standards and past performance, and general conditions of the property and welfare of the residents and communities are presented by property management staff.

Financial Policy Oversight

The Authority has two ongoing Committees – one internal and one a Board Committee – that provide financial oversight. The Board Committee is the Audit Committee consisting of the Chair of the Board, two other Board members, and two outside independent non-voting members with expertise in finance and accounting. All members are appointed by the Board Chair and serve staggered terms of three years. The Committee meets two to four times a year, as needed, to conduct entry meetings with the independent auditor and the State Auditor and to hear reports and findings of the auditors. The Committee also meets with auditors independently to hear any concerns the auditors have identified. The Audit Committee reports its activities to the full Board, along with any conclusions or recommendations they have on the Authority's financial management.

Internally, the Authority has the Financial Policy Oversight Committee (FPO) that meets monthly and is comprised of the Executive Director, the Deputy Executive Director, the Director of Housing Operations, the Director of Development, the Director of Housing Finance and Asset Management, the Chief Financial Officer (who leads the Committee), the Controller, and the Budget Manager.

The FPO is charged with overseeing the financial conditions and financial management decisions of the Authority and ensuring that current or implied financial commitments/conditions receive proper review. This committee has agency- wide oversight pertaining to decisions on credit and debt management; development opportunities, project selection, financing plans and policies; acquisitions and dispositions of property; criteria for soliciting and selecting limited partners in low-income housing tax credit projects; coordination of timing on actions; planning and monitoring of interim financing repayment plans; management of cash reserves; and risk assessment.

The FPO also administers the Authority's policy on unrestricted cash balances and unassigned cash (Operating Reserve), which was adopted by the Board of Commissioners in April 2011, revised in May 2013, and reviewed periodically. The FPO recommends an annual resolution to the Board to adopt the year-end Committed Funds of the agency from the Authority's Unrestricted Cash Balance. FPO also reports to the Board the year-end status of the Board's Financial Policy to maintain an Operating Reserve of unassigned and uncommitted cash equal to at least one month and not more than six months of operating expenses plus 1/12 of annual debt service. At the December 2022 Board of Commissioners meeting, the Board adopted a Committed Funds Resolution with a projected Operating Reserve for the agency of three months.

Component Units of Seattle Housing Authority

The Authority has nineteen discretely presented component units as of December 31, 2022. As the Authority has expanded its redevelopment activities using mixed financing, component units have become a larger and larger share of our strategy of providing low-income housing. At the end of 2022, the Authority's component units represented 3,887 units or 45.7 percent of all rental housing units operated directly by the Authority.

Major Long-term Initiatives

Yesler Terrace

Yesler Terrace is a 30-acre site near downtown Seattle that was developed by the Seattle Housing Authority (SHA) in the early 1940s as the city's first publicly subsidized housing community. In 2006, when it had become evident that Yesler's infrastructure and 561 aging housing units needed to be replaced, SHA began a conversation with residents, surrounding neighbors, city officials, key partners and the citizens of Seattle. A vision took shape for transforming Yesler Terrace — a site with great potential due to its central location close to jobs, public transit options and beautiful views — into a model community.

In 2013, the revitalization of Yesler Terrace began. What is emerging is a dynamic new community that honors the neighborhood's history and cultural richness while creating attractive new housing that is affordable to residents across a broad range of incomes.

In addition to replacing all 561 original units for families earning no more than 30 percent of the area median income, SHA is dramatically increasing affordable housing opportunities by creating up to 1,100 additional low-income units at Yesler.

The vision and success of the Yesler neighborhood transformation is rooted in many deep collaborative partnerships including the Yesler Terrace Community Council, Yesler Citizen Review Committee, US Department of Housing and Urban Development (HUD), City of Seattle, Seattle University, The Kresge Foundation, RAVE Foundation, JPMorgan Chase Foundation, and the Robert Wood Johnson Foundation.

At the end of 2022, 380 replacement units of the 561 were complete and the remaining 181 were under construction or in design. There were also 187 units serving households at 60 percent AMI completed with 203 under construction or in design, exceeding the Authority's goal by 100 units. In addition, 338 units serving households at 80 percent AMI completed with 375 under construction or in design. Lastly, 1,307 market rate units were complete with 845 under construction or in design.

The Authority has developed six properties at Yesler Terrace, with one currently under construction and one in the planning stages and expected to commence construction in 2023. These properties were financed through a combination of low-income housing tax credits, tax exempt bonds, funds from the City of Seattle and funding from HUD. The building that will commence construction in 2023, Juniper, is the final building to fulfill the Authority's commitment to the redevelopment effort. For more detail on the Yesler redevelopment the Authority publishes an annual report that can be found on our website.

Redevelopment and Rehabilitation Initiatives

In addition to the Yesler Terrace projects, the Authority has a redevelopment and rehabilitation pipeline focused on increasing the number of units to serve residents and preserving existing housing assets. At the end of 2022, the Authority had one redevelopment and one rehabilitation under construction and three redevelopments in various stages of planning.

LamBow redevelopment is an 82-unit low-income building that is under construction and expected to be completed late 2023/early 2024. The new building is comprised of 51 replacement units that serve extremely low-income households (30 percent of area median income) and 31 units that serve 60 percent AMI households.

Jefferson Terrace is a major rehabilitation of an existing public housing high rise owned by the Authority. The project contains 283 units that serve extremely low-income households (30 percent of area median income) and construction started in the fall of 2022 with completion expected in 2025.

Jackson Park Village redevelopment is in the early planning stages and consists of redeveloping an existing 41-unit public housing property in Seattle's north end. The Authority is targeting to close financing in 2024 and commence construction in the same year.

Holly Court redevelopment is an existing public housing property in Seattle's south end and will follow Jackson Park Village with feasibility work beginning in 2023.

Northgate Commons is a redevelopment opportunity the Authority purchased in 2019 and it is located in a high opportunity area, with high-speed transit access, schools and parks, and a nearby retail center. The Authority has not commenced planning efforts yet and continues to operate this 211-unit property as low-income housing.

Awards and Recognition

During 2022 the Seattle Housing Authority and its residents received or repeated distinctions and recognitions, including:

2022 Awards

- ***Certificate of Achievement for Excellence in Financial Reporting***

  The Seattle Housing Authority was awarded a Certificate of Achievement for Excellence in Financial Reporting in 2022 by the Government Finance Officers Association of the United States and Canada. In a statement, GFOA said the Certificate of Achievement for SHA's 2021 Annual Comprehensive Financial Report (ACFR) "is the highest form of recognition in the area of governmental accounting and financial reporting, and its attainment represents a significant accomplishment by a government and its management." This represents the twenty-fifth consecutive year SHA has been recognized with this juried award.

Acknowledgments

The preparation of this letter has been accomplished through the hard work of the Finance Department accountants and the support of other staff throughout the Seattle Housing Authority. A very special thank you and acknowledgment to Janet Hayes, SHA's Controller, for her tireless efforts, dedication, and oversight of the Authority’s role in the 2022 CAFR. Janet and her team have an outstanding record of receiving unmodified audit opinions for their presentation of SHA’s Financial Statements. We wish to thank, as well, the management and staff of KPMG LLP and Francis & Company PLLC who provided the necessary professional auditing services and technical assistance in conducting the independent audit of the Authority.

I would also like to take this opportunity, on behalf of the staff and residents of the Seattle Housing Authority, to acknowledge and thank the members of the Board of Commissioners for their tireless support and guidance.

Respectfully submitted,

Rodrick C. Brandon

Rodrick C. Brandon, Executive Director

Seattle Housing Authority

cc: SHA Cabinet members

SHA Public Website

THE HOUSING AUTHORITY OF THE CITY OF
SEATTLE, WASHINGTON

Principal Officials

Commissioners as of December 31, 2022	Term expires
Paul Purcell, Chair	December 1, 2022*
Gerald Smiley, Commissioner, Vice Chair	March 19, 2023
Sally Clark, Commissioner	March 20, 2023
Robert Crutchfield, Commissioner	December 1, 2022*
Dr. Paula Houston, Commissioner	March 20, 2024
Rita Howard, Commissioner	March 19, 2025
Twyla Minor, Commissioner	September 30, 2022*

Administrative Staff

Rod Brandon, Secretary-Treasurer/Executive Director

Jared Cummer, Interim Chief Financial Officer**

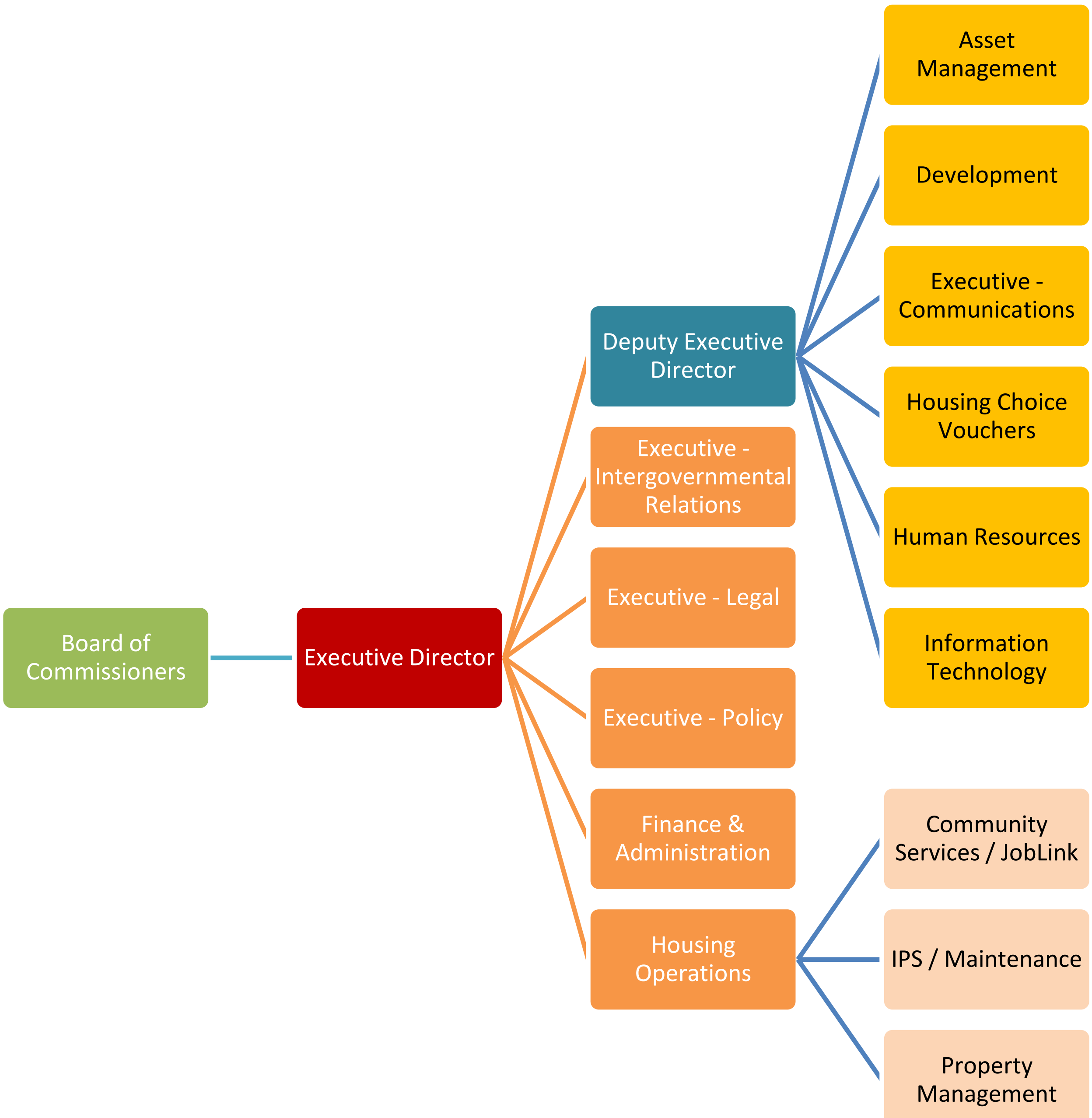
Janet Hayes, Controller

*Although the terms expired for Paul Purcell, Robert Crutchfield, and Twyla Minor, they continue to serve until their terms are extended by the Mayor of Seattle.

** Shelly Yapp served as Chief Financial Officer until she retired on March 31, 2023.

THE HOUSING AUTHORITY OF THE CITY OF SEATTLE, WASHINGTON

Organization Chart



Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

The Housing Authority of the City of Seattle Washington

For its Annual Comprehensive Financial Report For the Fiscal Year Ended

December 31, 2021

Christopher P. Morrill

Executive Director/CEO

THE HOUSING AUTHORITY OF THE CITY OF SEATTLE, WASHINGTON

Financial Section

Section II

KPMG LLP
Suite 2800
401 Union Street
Seattle, WA 98101

Independent Auditors' Report

The Board of Commissioners
The Housing Authority of the City of Seattle, Washington:

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities and the aggregate discretely presented component units of the Housing Authority of the City of Seattle, Washington (the Authority), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the reports of the other auditors, the accompanying 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 Authority, as of December 31, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

We did not audit the financial statements of the following discretely presented component units of the Authority: High Point South Limited Partnership (LP), High Rise Rehabilitation Phase I LP, Seattle High Rise Phase II LP, Seattle High Rise Phase III LP, Douglas Apartments LP, Tamarack Place LP, Lake City Village Limited Liability Limited Partnership (LLLP), Rainier Vista Northeast LLLP, Leschi House LLLP, 1105 East Fir LLLP, 820 Yesler Way LLLP, 221 10th Ave S LLLP, NewHolly Phase I LLLP, 888 E Fir LLLP, West Seattle Affordable Housing LLLP, Yesler Block 5.1 LLLP, and Jefferson Terrace LLLP, which represent 85% of the total assets, 84% of the total liabilities, 97% of the total net position, 100% of the total revenues, and 100% of the total expenses of the aggregated discretely presented component units as of December 31, 2022 and for the year then ended. Those statements were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as they relate to the amounts included for those entities, are based solely on the reports of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. The financial statements of the discretely presented component units that were audited by other auditors as listed in the paragraph above were not audited in accordance with *Government Auditing Standards*.

Emphasis of Matter

As discussed in note 1 to the financial statements, during the year ended December 31, 2022, the Authority adopted Governmental Accounting Standards Board (GASB) Statement No. 87, Leases. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. generally accepted accounting principles, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

U.S. generally accepted accounting principles require that the management's discussion and analysis and the required supplementary information listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 30, 2023 on our consideration of the 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 solely 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 the effectiveness of the Authority's 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 Authority's internal control over financial reporting and compliance.

KPMG LLP

Seattle, Washington
May 30, 2023

Overview of the Financial Statements

The Housing Authority of the City of Seattle, Washington (the Authority or SHA) is pleased to present its basic financial statements as of and for the year ended December 31, 2022, which have been prepared in accordance with U.S. generally accepted accounting principles (GAAP). GAAP requires the inclusion of three basic financial statements: the statement of net position (balance sheet); the statement of revenues, expenses, and changes in net position; and the statement of cash flows. In addition, GAAP requires the inclusion of this management's discussion and analysis (MD&A) section as required supplementary information.

The basic financial statements provide both long-term and short-term information about the Authority's overall financial condition. The basic financial statements also include notes that provide additional information and more detailed data.

As provided for under GAAP, the Authority uses the accrual basis of accounting to prepare its basic financial statements. Under this basis of accounting, revenues are recognized in the period in which they are earned and expenses, including depreciation and amortization, are recognized in the period in which they are incurred. All assets and liabilities associated with the operation of the Authority are included in the statement of net position.

This section of the Authority's annual financial report presents our discussion and analysis of the Authority's financial performance for the primary government during the year ended December 31, 2022, with comparative data for the year ended December 31, 2021. Please read this section in conjunction with the transmittal letter in the introductory section of this report and the Authority's basic financial statements, which immediately follow this section.

Financial Highlights

- Assets and deferred outflows of resources of the Authority exceeded liabilities and deferred inflows of resources at December 31, 2022 by $906.7 million (net position), representing an increase of $87.8 million over 2021. Unrestricted net position of $416.9 million at the end of the year includes committed, assigned, and unassigned funds that may be used to meet the Authority's ongoing obligations.

- Unrestricted cash and investments comprise $181.1 million of the Authority's net position at the end of 2022, which reflects $73.4 million in committed funds adopted by the Board of Commissioners, $15.5 million in assigned funds, and $88.0 million in unassigned funds that make up the Authority's Operating Reserve. By Board policy, the Operating Reserve is to be maintained at a minimum of one month and a maximum of six months of average monthly operating expenses plus 1/12th of principal debt service requirements. The Authority's Operating Reserve at the end of 2022 represented approximately 3 months and 17 days (based on 20 business days in the month) of average monthly expenses and principal debt service.

- Total net position increased by $87.8 million in 2022, which is 5.2% lower than the 2021 increase in net position of $92.5 million. Operating revenues increased slightly by $0.9 million while operating expenses increased $22.3 million. In the discussion below of the statement of revenues, expenses and changes in net position, these changes will be addressed in detail. In 2022, nonoperating activities produced a net increase in revenues of $7.9 million while in 2021 nonoperating activities produced a net expense of $6.0 million—a difference of $13.9 million from 2021. Also contributing to the increase in net position were

(Continued)

increased capital contributions in 2022 of $2.7 million compared to 2021, reflecting easing of restrictions placed on capital work in 2020 and 2021 by Washington State during the COVID-19 pandemic.

- The Authority's current ratio that measures liquidity decreased during the year from 7.85 to 6.54. Current assets increased by $32.7 million mainly because of an increase of $37.4 million in accounts receivable from component units which was offset by a decrease in receivables from the U.S. Department of Housing and Urban Development (HUD) of $5.7 million. Current liabilities also increased by $10.9 million in current unrestricted and restricted investments due to increases in other payables of $5.3 million and accrued liabilities of $6.9 million.

- Total notes receivable increased from $266.7 million by $49.5 million to $316.2 million. The Authority has made loans to nonprofit agencies providing low-income housing and to its component units that are redeveloping housing communities under the Choice Neighborhoods Implementation grant and using Low Income Housing Tax Credit mixed financings. During the year, the Authority made loans to the component units for Jefferson Terrace, LamBow Apartments and Sawara.

- The Authority's total debt increased from $226.6 million to $228.8 million during the current reporting period as a result of a $5 million loan undertaken for the benefit of Hinoki Limited Partnership which was offset by required debt payments on existing borrowings.

- Deferred inflows of resources increased significantly from $40.0 million to $128.0 million due to reclassifications of unearned revenue from financing leases as the Authority adopted Governmental Accounting Standards Board (GASB) Statement No. 87 during the year.

Financial Analysis

Statement of Net Position

The statement of net position presents the assets and deferred outflows of resources, liabilities and deferred inflows of resources, and net position of the Authority at the end of the fiscal year. The purpose of the statement of net position is to give the financial statement readers a snapshot of the fiscal condition of the Authority as of a certain point in time. It presents end of year data for assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position (assets and deferred outflows of resources, minus liabilities and deferred inflows of resources). Also shown is the sum of total liabilities, net position, and deferred inflows of resources, which equals total assets and deferred outflows of resources.

Total assets of the Authority at December 31, 2022 and 2021 amounted to $1,300.7 million and $1,203.4 million, respectively, an increase of 8.1% or $97.3 million. Current assets increased by $32.7 million and non-current assets increased by $64.6 million. The significant components of current assets are short-term investments, receivables from component units, and restricted cash. The significant components of noncurrent assets are restricted investments, capital assets, notes receivable and net pension assets. Capital assets include land, land improvements, leasehold improvements, structures, construction in progress, and equipment. All capital assets except for land and construction in progress are shown net of accumulated depreciation. In addition to the increases in notes receivable as described above, total cash and investments also increased by a total of $44.6 million as a result of additional land sales at the Yesler redevelopment sites and positive operating results. Net pension assets of $14.1 million are reported in 2022 for the PERS 2 plan compared to $37.9 million reported in 2021.

Total liabilities of the Authority were $280.9 million and $350.0 million at December 31, 2022 and 2021, respectively, representing a decrease of 19.7% or $69.1 million. Current liabilities include accounts payable, accrued liabilities, unearned revenue, current portion of long-term debt, and short-term borrowings. Current liabilities increased by $10.9 million primarily due to increases in other payables of $5.3 million and accrued liabilities of $6.9 million. Noncurrent liabilities include unearned revenue, long-term debt, accrued compensated absences as well as pension and Other Postemployment Benefits (OPEB) liabilities. During the year, noncurrent liabilities decreased by approximately $80.0 million mainly because of the adoption of GASB 87 which required the Authority to reclass $110.0 million of unearned revenue to deferred inflow of resources as of January 1, 2022. In addition, there was an increase in the pension liability in the amount of $4.5 million for the PERS 1 plan.

Deferred outflows of resources and deferred inflows of resources arise from the pension liability, OPEB liability, and lease receivables reported by the Authority. Deferred outflows of resources for pensions primarily relate to contributions made by the Authority subsequent to the measurement date of the net pension liability, OPEB benefit payments after the measurement date, and differences between expected and actual experience. Deferred inflows of resources include the difference between projected and actual earnings on plan investments and changes in assumptions. In 2022, the Authority's pension and OPEB-related deferred outflows increased by $9.4 million and deferred inflows decreased by $22.1 million. Deferred inflows of resources also increased significantly as a result of the adoption of GASB 87 which required a reclassification of approximate $110.0 million of unearned revenue.

Net position represents the Authority's equity, a portion of which is restricted for certain uses. Net position is divided into three major categories. The first category, net investment in capital assets, represents the Authority's equity in land, structures, construction in progress, and equipment, net of related capital debt outstanding. The next net position category is restricted net position; this shows the amounts subject to external restriction, which are primarily amounts restricted to service debts until they mature. Other restricted purposes include legal agreements related to obligations to the Authority's limited partnerships. The last category is unrestricted net position; these funds are available to use for any lawful and prudent purpose of the Authority. Unrestricted net position increased by 19.0%, or $66.5 million, during the year from $350.4 million to $416.9 million. This was offset by a decrease in net investments in capital assets of $2.2 million. Restricted net assets increased $23.5 million mainly due to the Authority increasing the amounts held for the Yesler redevelopment offset by a reduction of restricted amounts held for PERS 2 pension plan.

(Continued)

Condensed Statement of Net Position

(In thousands)

		December 31	
		2022	**2021 (restated)**
Assets:			
Current assets, net	$	265,046	232,374
Noncurrent cash and investments		181,579	134,799
Capital assets, net		507,515	510,582
Notes receivable, long-term, net		316,178	266,721
Other noncurrent receivables and other		30,350	58,927
Total assets		1,300,668	1,203,403
Pension and OPEB-related deferred outflows of resources		14,931	5,487
Total assets and deferred outflows of resources	$	1,315,599	1,208,890
Liabilities:			
Current liabilities	$	40,549	29,605
Noncurrent liabilities		240,350	320,349
Total liabilities		280,899	349,954
Deferred inflows of resources		127,977	39,963
Total liabilities and deferred inflows of resources		1,187,622	1,168,927
Net position:			
Net investment in capital assets		289,599	291,832
Restricted		200,222	176,756
Unrestricted		416,902	350,385
Total net position, as restated		906,723	818,973
Total liabilities, net position and deferred inflows of resources	$	1,315,599	1,208,890

Statement of Revenues, Expenses, and Changes in Net Position

The purpose of the statement of revenues, expenses, and changes in net position is to present the revenues earned by the Authority, both operating and nonoperating revenues, and the expenses incurred through operating and nonoperating expenditures, plus any other revenues, expenses, gains, and losses of the Authority. Generally, operating revenues are amounts received for providing housing to the Authority's tenants as well as subsidies and grants received from the HUD that provide significant funding for the operations of the Authority's housing programs. Operating expenses are those incurred to operate, maintain, and repair the housing units and to provide supportive services to the tenants of the Authority. Nonoperating revenues are revenues earned for which goods and services are not provided, for example, interest income. Capital contributions represent revenues earned from HUD for public housing capital repairs and rehabilitation and grants under the Choice Neighborhood Implementation program.

The statement of revenues, expenses, and changes in net position, which follows this section, reflects the year ended December 31, 2022 compared to the year ended December 31, 2021. Overall, operating revenues increased by slightly from 2021 to 2022 and operating expenses increased by 8.7% or approximately $22.3 million for the year, net nonoperating revenues increased by 230.2% or approximately $13.9 million, and capital contributions increased approximately 24.2% or $2.7 million. Net position increased in 2022 by approximately $87.8 million. Explanations of principal reasons for these changes follow.

Overall, operating revenues grew by $0.9 million. Housing Choice Voucher (HCV) subsidies increased by $21.4 million or 11.4% during the year. Of that amount, funding from HUD for Moving To Work (MTW) vouchers increased by approximately $15.8 million and the Authority received an increase in funding for the Emergency Housing Voucher program (EHV) of $4.6 million. In 2022, rental income also increased $3.5 million or approximately 10.2% compared to 2021. These increases were offset by a reduction in land sales at Yesler Terrace of approximately $31.8 million during 2022 which was the main reason for the $24.7 million reduction in other revenue.

The largest contributor to the increase in operating expenses was from housing operations and administrative expenses. Of the $10.9 million increase, $8.6 million was related to the expense related to the pension plan changes in 2022. Housing Assistance payments increased by $7.3 million with the increase in vouchers for MTW and EHV. Other smaller increases were seen in tenant services and depreciation and amortization expense.

Net nonoperating income increased by approximately $13.9 million or approximately 230.1% during the year. Interest income increased by $6.5 million due to significant increases in interest rates during the year. In addition, there were no losses on asset dispositions in 2022 compared to the $5.1 million of losses reported for 2021. Further, there was a gain on investments in limited partnerships as a result of the dissolution of the Alder Crest limited partnership and reversal of the interest receivable allowance related to the homeWorks partnerships.

Capital contributions for the year ended December 31, 2022 were made up of $14.0 million from HUD capital grants and were approximately $2.7 million higher than in 2021. During the year, restrictions related to the pandemic were eased, allowing for an increase in work on capital projects.

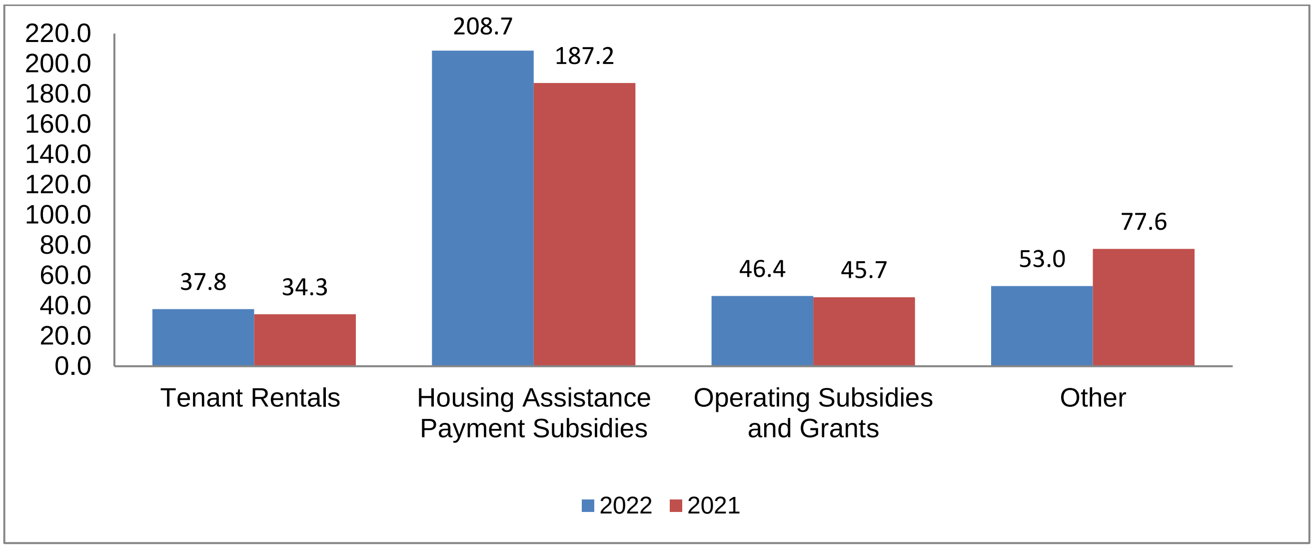
Statement of Revenues, Expenses, and Changes in Net Position

(In thousands)

		Year ended December 31	
		2022	2021 (restated)
Operating revenues:			
Tenant rentals	$	37,826	34,327
Housing assistance payment subsidies		208,668	187,239
Operating subsidies and grants		46,385	45,742
Other		52,991	77,648
Total operating revenues		345,870	344,956
Operating expenses:			
Housing operations and administration		71,202	60,264
Tenant services		9,136	7,218
Utility services		7,821	8,090
Maintenance		26,362	25,690
Housing assistance payments		142,101	134,774
Other		6,167	7,036
Depreciation and amortization		17,204	14,594
Total operating expenses		279,993	257,666
Operating income		65,877	87,290
Nonoperating revenues (expenses):			
Interest expense		(5,215)	(5,735)
Interest income		9,200	2,653
Change in fair value of investments		(491)	(53)
Loss from refinancing		—	(1,050)
Gain on investment in limited partnerships		4,367	3,197
Loss on disposition of assets		—	(5,050)
Net nonoperating revenues (expenses)		7,861	(6,038)
Change in net position before capital contributions		73,738	81,252
Capital contributions		14,012	11,283
Change in net position		87,750	92,535
Total net position, beginning of year, as restated		818,973	726,438
Total net position, end of year	$	906,723	818,973

Operating revenues are shown in detail in the chart below:

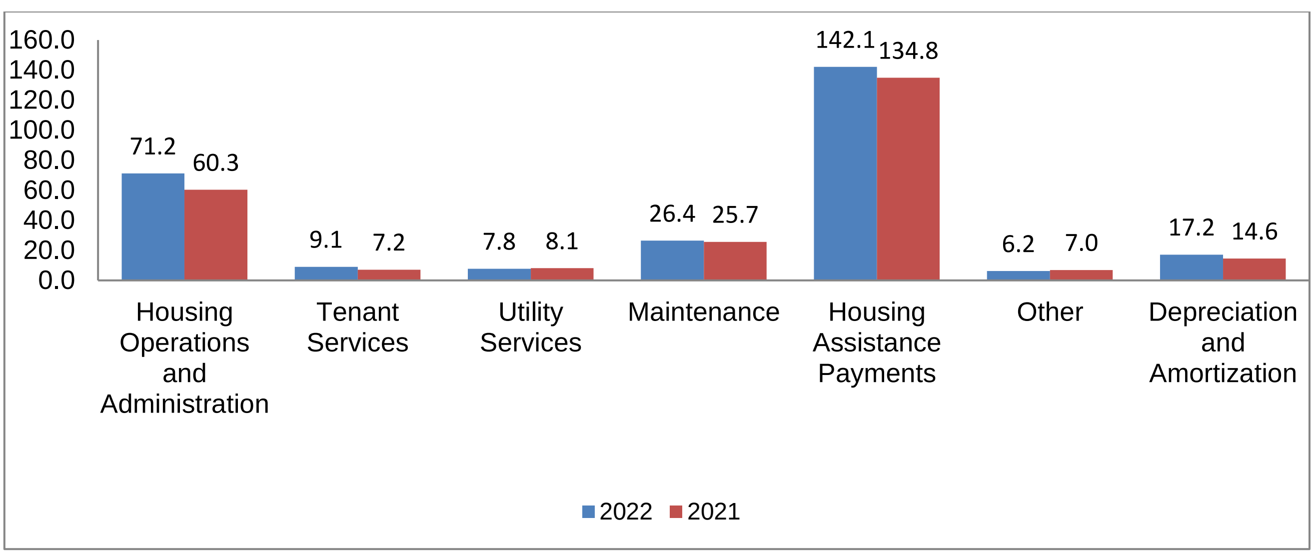
Operating Revenues – 2022 and 2021



Dollars (in millions)

Operating expenses are shown in detail in the chart below:

Operating Expenses – 2022 and 2021



Dollars (in millions)

Capital Asset and Debt Administration

The Authority decreased net capital assets during the year ended December 31, 2022 by approximately $3.1 million. Total structures decreased as depreciation and dispositions exceeded additions and construction in progress increased slightly.

Note 6 to the Authority's basic financial statements provides additional detail regarding the changes in capital assets during the year ended December 31, 2022.

The table below shows the Authority's capital assets, net of accumulated depreciation and amortization, at December 31, 2022 and 2021 (in thousands):

	2022	2021
Land	$ 136,010	136,010
Land improvements	33,382	34,726
Structures	297,066	299,279
Right to use structures	452	—
Leasehold improvements	342	421
Equipment	4,758	5,711
Right to use equipment	172	—
Construction in progress	35,333	34,435
Total capital assets, net	$ 507,515	510,582

The following schedule shows the significant components of the construction in progress as of December 31, 2022 and 2021 (in thousands):

	2022	2021
Modernization funds — Capital grants	$ 4,642	3,741
Yesler Terrace infrastructure	24,050	23,500
Other programs	6,641	7,194
Total debt outstanding	$ 35,333	34,435

The table below shows the Authority's outstanding debt at December 31, 2022 and 2021 (in thousands):

	2022	2021
Notes payable	$ 104,911	101,250
Bonds payable	123,894	125,337
Total debt outstanding	$ 228,805	226,587

Total debt outstanding increased by $2.2 million from December 31, 2021 to 2022. The Authority had no short-term borrowings during the year and borrowed $5.0 million which was loaned to Hinoki to complete construction at the property. The new note was offset by required payments on existing debt.

Notes 7 and 8 to the Authority's basic financial statements provide additional detail regarding the debt changes during the year ended December 31, 2022.

The Authority maintained an entity credit rating from Standard & Poor's Rating Services under their international rating criteria for housing authorities/social housing in the United States and Europe of "AA" with a stable outlook.

Federal Funding Support to the Authority

Federal appropriation levels for HUD programs, such as Section 8 Housing Choice Voucher Program and Section 9 Public Housing Operating Subsidies, and the various capital programs continue to have a major impact on the Authority's budget. Federal housing dollars make up the largest source of operating revenue for the Authority and the principal source of funding for public housing capital. During 2022, the Authority earned $255.1 million in federal dollars for its MTW and non-MTW operating programs and $14.0 million for its capital projects. In addition, federal financial support from HUD has been an important source of seed money and leverage funding for acquiring or developing a majority of the Authority's $507.5 million of capital assets as of December 31, 2022.

Federal Funding

Federal Appropriations through three core HUD programs, Section 8 HCV, Public Housing Operating Fund and the Public Housing Capital Fund, continue to represent a sizable portion of the Authority's annual revenues. As a result, changes in appropriation levels can have a large impact on the Authority's annual budget and financials.

After three extensions of the FY 2022 Continuing Resolution extending existing 2021 appropriations for federal programs, the Consolidated Appropriations Act, 2022 was signed into law on March 15, 2022, establishing the FY 2022 budget for federal defense and non-defense discretionary programs. The enacted budget represented an 8.6% increase in HUD's budget for the three core fund sources, including a 15.7% increase in Public Housing Capital funds, a 4.4% increase in HCV funds, and a 4.0% increase in Public Housing Operating funds. These funding increases exceeded the revenue forecast that the Authority included in the 2022 Budget, which was adopted by the SHA Board of Commissioners in October 2021. As a result, the Authority received greater levels of funding in 2022 from annual HUD allocations than in 2021, and more than what was anticipated for 2022.

At the end of 2022, Congress passed the Consolidated Appropriations Act, 2023, and the President signed HR 2167 into law. The passage of this Bill sets the FY 2023 budget for federal defense and non-defense discretionary programs and represents an increase of 9.8% in HUD's budgets over FY 2022. The HCV fund was set at $30.3 billion representing a 10.5% increase, the Public Housing Capital fund was held flat at $3.2 billion and the Public Housing Operating Fund was set at $5.1 billion representing a 1.3% increase.

The Authority approaches budgeting Federal revenues from a more conservative standpoint and as a result, the FY 2023 budget exceeds the revenue forecast included in the 2023 Budget by 10.7% or $27.4 million. The majority of this increase was in HCV funds representing a $24.9 million increase or 12.7%, while the Public Housing Operating fund increased by $2.6 million or 5.9% and the Public Housing Capital fund was flat at $16.9 million. Overall, the last two years of Federal appropriations have been higher than expected and have allowed the Authority to continue to reinvest in residents, capital preservation, new unit creation and our employees.

Federal Regulatory and Programmatic Impacts

The Authority was one of the first groups of Public Housing Authorities (PHAs) to participate in the MTW Demonstration Program and became a MTW agency in 1999. The MTW program was created by Congress to provide participating PHAs with both regulatory and funding flexibility to streamline administrative processes and achieve savings, to expand housing choices for residents and participants, to advance self-sufficiency, and to address local community low-income housing needs. The initial group of MTW agencies was set at 39, however in 2016, Congress authorized expansion of the MTW program to include 100 more PHAs. The new MTW expansion agencies fall into one of four cohorts: small PHA cohort, stepped and tiered rent cohort, landlord incentive cohort and the asset building cohort. Depending on the cohort, HUD has authorized different flexibilities and regulatory waiver authority. As a result, the expansion cohorts have different regulatory requirements and flexibility than the initial 39 MTW agencies. By the end of 2022, approximately 87 new MTW authorities were added or in the process of being added to the program.

The expiration of the Authority's initial ten-year MTW contract was in 2018 and after negotiations between HUD and the initial 39 MTW PHAs, Congress re-authorized a second ten year extension for the program under the existing terms of the contract without change, unless mutually agreed by HUD and the MTW agencies. These contracts for the initial 39 MTW agencies will now expire in 2028. Preparation and preliminary negotiations are already underway in regards to extending the contracts. HUD has indicated to the initial 39 MTW agencies that they will look to negotiate some changes to the contract, however given that negotiations are still very preliminary no formal requests have been made.

Local Labor Market Challenges and the Impacts

The local housing and labor markets directly impact the work and finances of the Authority as well as the people that the Authority serves. As the pandemic has eased and some of the strain caused by this global health crisis has subsided, lingering effects still remain that are directly impacting our local market.

From March 2020 through October 2021, the Authority processed more than more than 4,300 Interim Income Certifications for tenant and voucher households who experienced a job loss or reduction in work hours. These adjustments resulted in an average reduction in household income of $16,660 per household. While many of the low-income households that the Authority serves were some of the earliest to lose jobs during the first year of the pandemic, unfortunately they have also been slower to recover. As a result, the Authority now has twice as many households that have rent collection debt than prior to the pandemic and that debt is nearly three times larger. The Authority continues to work with these households to provide them support through our various programs that focus on job placement and educational advancement.

One of the ways the Authority has tried to assist households is through the federal Emergency Rental Assistance (ERA) program. By the end of 2022, the Authority assisted over 2,400 households for a total of just over $9.5 million. For tenants and landlords who took advantage of the ERA program, landlords must honor the prohibition against raising rents for six months following the three months of forward rent payments. For these tenants, the ERA program affords them time and support to resume regular rental payments.

Throughout most of 2022, the Authority experienced increases in wage and material costs beyond typical inflationary increases. At the same time the Authority has continued to experience recruitment and retention challenges as labor force participation rates continue to remain below pre-pandemic levels and employees have more options in the labor market. The Authority is also experiencing wage growth because of the high Consumer Price Index in Seattle that is tied to many of our collective bargaining agreements. To address these rising labor costs and the tighter labor market, the Authority has been focused on employee wellness and retention, through investing in the workplace culture and employee advancement, such as tuition reimbursement, life-work balance through flexible schedules and remote work options.

Local Housing Market

The Authority continues to be a major affordable housing developer in the City of Seattle, engaged in a variety of redevelopment and rehabilitation projects that expand and preserve the capacity of the Authority's residential portfolios. The Authority expects to continue to engage in opportunities to expand the number of housing units, redevelop properties whose useful life has expired and rehabilitate the Authority's existing real-estate assets.

Rising inflation in 2022 has created challenges in both the national and local housing market through rising construction costs. The inflationary pressures have led to significant increases in materials and labor. At the end of 2022, inflation for the Seattle area sat at 8.4%, but has shown recent signs of declining as the April 2023 CPI fell to 6.9%. Compounding the inflationary pressures was the already tight labor market in the Seattle metro area. The Authority will continue to look for ways to increase efficiency to reduce the impacts of these inflationary pressures, while also making prudent decisions around setting budgets and contingencies to cover variations in costs.

Rising inflation also has led the Federal Reserve to tighten monetary policy and begin a series of increases to the benchmark borrowing rate. Throughout 2022, the Federal Reserve increased the benchmark rate seven times reaching a year end rate target of 4.25% to 4.5%. These increases have led to rising borrowing costs for new debt issued by the Authority. This has an impact on the development and rehabilitation program as rising rates decrease the total amount of debt that a project can support resulting in an increase in the funds needed from the Authority. While rising interest rates have had an impact, over the last 10 years, the Authority has aggressively pursued refundings of existing financed projects and was able to secure very low long-term rates in the public bond market. This refunding strategy has positioned the Authority well to whether these rate increases and continue to pursue the development and rehabilitation program.

A challenge that began in 2019 and continues is access to private activity bond cap (bond cap) used to finance low-income housing tax credit projects. The State of Washington's Housing Finance Commission is responsible for allocating the bond cap provided for housing and over the last 4 years has been significantly over subscribed. Due to limited access to bond cap, the Authority has had to strategically adjust the development and rehabilitation program in order to ensure access to this needed resource. While there are discussions at the national level about statutory changes that could help relieve the pressure, currently bond cap remains a scare resource.

(Continued)

Despite cost and finance challenges, the Authority has made prudent financial decisions that have enabled the development and rehabilitation program to continue creating and preserving affordable units in the City of Seattle. The status of the Authority's development and rehabilitation program as of the end of 2022 is as follows;

- ***Yesler Redevelopment:*** The fifth of seven low-income residential buildings – ***Hinoki, 136 units*** was completed and occupied in 2022; the sixth building – ***Sawara, 114 units*** is under construction in 2022 and will open in early 2024; and the seventh and last SHA building – ***Juniper, 96 units*** will begin construction in mid-2023 with lease-up expected in early 2025. At completion, the residential buildings will include 561 replacement units for extremely low-income households (30% of Area Median Income (AMI) and 290 60% AMI units serving very low-income households.

- ***LamBow Redevelopment:*** LamBow is an 82 unit low-income building that is under construction and expected to be completed late 2023/early 2024. In 2016 a three-alarm fire destroyed one of two older buildings at the site. While no one was injured, one building was a total loss and the other had reached the end of its useful life. The new building is comprised of 51 replacement units that serve extremely low-income households (30% of AMI) and 31 units that serve 60% AMI households.

- ***Jefferson Terrace Rehabilitation:*** This project is a major rehabilitation of an existing public housing high rise owned by the Authority. The project contains 283 units that serve extremely low-income households (30% of AMI). The project requires significant temporary relocation of residents which commenced in the summer of 2022 and construction started in the fall of 2022. The project is expected to be completed in 2025.

- ***Jackson Park Village Redevelopment:*** This project is in the early planning stages and is the redevelopment of an existing 41-unit public housing property in Seattle's north end that has reached the end of its useful life. The project is expected to close financing in 2024 and commence construction. While the project is still in the planning stages the Authority plans to replace the 41 existing units that serve extremely low-income households (30% of AMI) and add 52 units that serve 60% AMI households.

- ***Holly Court Redevelopment:*** This project is an existing public housing property in Seattle's south end and will follow Jackson Park Village. As this project will likely involve adjacent properties and relocations of an existing agency located on the property, feasibility work may begin in 2023.

- ***Northgate Commons:*** The Authority purchased this development opportunity in 2019 and it is located in a high opportunity area, with high-speed transit access, schools and parks, and a nearby retail center. The Authority is working to partner with the City of Seattle on the redevelopment of this site into more affordable housing, but while planning continues the Authority continues to operate this 211-unit property as low-income housing.

Lastly, the Authority's existing central headquarters building lease expired in March 2023. In 2022, following a market review and assessment of alternatives, the Board of Commissioners approved entering into a lease at a new location. The Authority was able to take advantage of a weaker commercial market to obtain a space in the same central vicinity as our current building; improve the experience for our residents; provide for future expansion, including with partner agencies; and, to significantly upgrade the work environment for our employees. The price for the space is below the commercial median for the area, but over a term of 15 years, represents an annualized increase in our rent of $500,000 for approximately 90,000 square feet. SHA has planned for the increase and can absorb the change without affecting core services over the term of the lease. The Authority expects to move in the summer of 2023.

Request for Information

This financial report is designed to provide a general overview of the Authority's finances for all those interested. Questions concerning any of the information presented in this report or requests for additional information should be addressed to Janet Hayes, Controller, at 190 Queen Anne Avenue North, Seattle, WA 98109, or by e-mail at janet.hayes@seattlehousing.org.

BASIC FINANCIAL STATEMENTS

Exhibit A-1

THE HOUSING AUTHORITY OF THE CITY OF SEATTLE, WASHINGTON

Statement of Net Position

December 31, 2022

Assets and Deferred Outflows of Resources		Primary government	Component units
Current assets:			
Cash and cash equivalents	$	10,226,349	7,361,785
Restricted cash		19,568,047	37,863,241
Investments		159,367,232	—
Accounts receivable:			
Tenant rentals and service charges		864,316	775,634
Other		2,666,224	604,830
Due from:			
Other governments		5,154,317	—
Primary government		—	539,973
Component units		41,792,122	—
Inventory and prepaid items		4,008,645	614,141
Restricted investments		19,890,333	268,405
Unamortized charges		—	1,154,589
Notes receivable		33,709	—
Notes receivable from component units		103,600	—
Assets held for sale		760,234	—
Other assets		610,742	—
Total current assets		265,045,870	49,182,598
Noncurrent assets:			
Investments		11,503,880	—
Cash restricted for long-term purpose		2,775,871	90,180,396
Restricted investments		167,299,532	—
Due from component units (net of allowance of $19,466,318)		3,604,012	—
Other		12,632,421	7,609,839
Capital assets:			
Land		136,010,023	4,033,167
Land improvements		54,861,687	21,187,882
Leasehold improvements		1,538,041	—
Structures		612,595,352	477,871,484
Right to use structures		2,260,970	121,174,787
Equipment		27,207,220	10,797,399
Right to use equipment		236,540	—
Construction in progress		35,333,102	63,333,499
Less accumulated depreciation and amortization		(362,527,641)	(133,736,189)
Capital assets, net		507,515,294	564,662,029
Notes receivable, less current portion (net of allowance of $4,959,829)		17,851,361	—
Notes receivable from component units, less current portion (net of allowance of $7,318,319)		298,326,417	—
Net pension asset		14,113,359	—
Total noncurrent assets		1,035,622,147	662,452,264
Total assets		1,300,668,017	711,634,862
Pension and OPEB-related deferred outflows of resources		14,931,454	—
Total assets and deferred outflows of resources	$	1,315,599,471	711,634,862

(Continued)

Exhibit A-1

THE HOUSING AUTHORITY OF THE CITY OF SEATTLE, WASHINGTON

Statement of Net Position

December 31, 2022

Liabilities, Deferred Inflows of Resources and Net Position		**Primary government**	**Component units**
Current liabilities:			
Accounts payable:			
Vendors and contractors	$	8,101,249	12,479,023
Other		7,095,566	830,824
Accrued liabilities		13,540,598	3,247,418
Due to component units		539,973	—
Due to primary government		—	41,792,122
Security deposits		1,735,620	1,483,380
Current portion of long-term debt from primary government		—	103,600
Current portion of long-term debt		2,866,196	28,761,994
Unearned revenue		6,670,233	209,682
Total current liabilities		40,549,435	88,908,043
Noncurrent liabilities:			
Due to primary government		—	23,070,328
Unearned revenue		210,000	—
Long-term payables and liabilities		302,664	—
Long-term debt, less current portion:			
Notes payable to primary government		—	304,903,468
Notes payable		103,425,201	63,388,805
Bonds payable		122,514,277	151,693,638
Accrued compensated absences		4,484,664	407,941
Total OPEB liability		1,282,527	—
Net pension liability		8,130,827	—
Total noncurrent liabilities		240,350,160	543,464,180
Total liabilities		280,899,595	632,372,223
Deferred inflows of resources		127,976,740	—
Total liabilities and deferred inflows of resources		408,876,335	632,372,223
Net position:			
Net investment in capital assets		289,599,212	105,990,920
Restricted for debt service and pension		199,545,095	36,379,861
Restricted for endowment funds and donors		676,839	—
Unrestricted net position (deficit)		416,901,990	(63,108,142)
Total net position		906,723,136	79,262,639
Total liabilities, deferred inflows of resources and net position	$	1,315,599,471	711,634,862

See accompanying notes to basic financial statements.

Exhibit A-2

THE HOUSING AUTHORITY OF THE CITY OF SEATTLE, WASHINGTON

Statement of Revenues, Expenses, and Changes in Net Position

Year ended December 31, 2022

		Primary government	Component units
Operating revenues:			
Tenant rentals	$	37,826,561	40,951,279
Housing assistance payment subsidies		208,667,831	—
Operating subsidies and grants		46,384,782	—
Other		52,990,694	1,437,652
Total operating revenues		345,869,868	42,388,931
Operating expenses:			
Housing operations and administration		71,201,636	11,142,823
Tenant services		9,136,277	—
Utility services		7,821,078	6,564,993
Maintenance		26,362,785	10,229,068
Housing assistance payments		142,100,508	—
Other		6,167,087	3,922,956
Depreciation and amortization		17,203,529	15,615,654
Total operating expenses		279,992,900	47,475,494
Operating income (loss)		65,876,968	(5,086,563)
Nonoperating revenues (expenses):			
Interest expense		(5,215,161)	(9,485,826)
Interest income		9,200,605	78,540
Change in fair value of investments		(491,028)	970,920
Gain on investment in limited partnerships		4,366,971	—
Net nonoperating revenues (expenses)		7,861,387	(8,436,366)
Change in net position before contributions		73,738,355	(13,522,929)
Contributions:			
Capital contributions		14,011,535	—
Partners’ contributions		—	292,150
Total contributions		14,011,535	292,150
Change in net position		87,749,890	(13,230,779)
Total net position at beginning of year, as restated		818,973,246	92,493,418
Total net position at end of year	$	906,723,136	79,262,639

See accompanying notes to basic financial statements.

Exhibit A-3

THE HOUSING AUTHORITY OF THE CITY OF SEATTLE, WASHINGTON

Statement of Cash Flows

Year ended December 31, 2022

	Primary government
Cash flows from operating activities:	
Receipts from residents	$ 40,224,118
Receipts from other sources	78,457,108
Operating grants and subsidies received	261,022,661
Advances to affiliates	(17,180,152)
Payments to vendors	(74,247,737)
Housing assistance payments	(142,100,508)
Payments for salaries and benefits	(51,132,233)
Net cash provided by operating activities	95,043,257
Cash flows from capital and related financing activities:	
Capital contributions	11,864,709
Acquisition and construction of capital assets	(14,125,930)
Proceeds from long-term borrowings	5,000,000
Principal payments on notes, bonds and leases payable	(2,781,479)
Interest paid	(5,198,068)
Net cash used in capital and related financing activities	(5,240,768)
Cash flows from investing activities:	
Investment income received	(5,110,722)
Maturity of investment securities	120,322,731
Purchases of investment securities	(163,566,578)
Increase in net investment in partnerships	9,375,195
Collections on notes receivable	5,476,118
Advances on notes receivable	(54,948,046)
Net cash used in investing activities	(88,451,302)
Increase in cash and cash equivalents	1,351,187
Cash and cash equivalents at beginning of year, as restated	31,219,080
Cash and cash equivalents at end of year	$ 32,570,267
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	$ 65,876,968
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization	17,203,529
Changes in operating assets and liabilities:	
Accounts receivable and other assets	(10,859,267)
Inventory and prepaid items	(2,872,696)
Accounts payable and other liabilities	7,491,552
Accrued compensated absences	1,198,552
Unearned revenue and other	17,004,619
Total adjustments	29,166,289
Net cash provided by operating activities	$ 95,043,257
Supplemental disclosure of noncash activities:	
Gain on investment in limited partnerships	$ 4,366,971
Change in fair value of investments	(491,028)

See accompanying notes to basic financial statements.

(1) Summary of Significant Accounting Policies

(a) Organization and Program Descriptions

The Housing Authority of the City of Seattle, Washington (the Authority) was created in 1939 as a municipal corporation that derives its powers from Washington State (State) law as reflected in the Revised Code of Washington (RCW), Chapter 35.82. The Authority was created for the acquisition, development, modernization, operation, and administration of public housing programs. The primary purpose of the Authority is to provide safe, decent, sanitary, and affordable housing to low-income and elderly families in Seattle, Washington, and to operate its housing programs in accordance with federal and State laws and regulations. The Authority's programs are administered through the U.S. Department of Housing and Urban Development (HUD) under provisions of the U.S. Housing Act of 1937, as amended.

The Authority, recognized by HUD as a high-performing, large housing authority, was selected to participate in HUD's Moving to Work (MTW) Demonstration Program effective January 13, 1999. The program allows the Authority an exemption from a multitude of HUD regulations and reporting requirements and significant flexibility to combine its HUD funding for reallocation among the Authority's administrative, capital, and development activities.

The Authority presents its activities as a single enterprise proprietary fund and its primary operations comprised a number of housing and grant programs as follows:

- ***The Public Housing Program*** operates under HUD's Annual Contributions Contract (ACC) SF-151 and consists of the operations of low-rent public housing properties totaling 5,243 units, which includes 894 units of senior housing (see below). The purpose of the program is to provide decent and affordable housing to low-income families at reduced rents. The properties are owned, maintained, and managed by the Authority. The properties are acquired, developed, and modernized under HUD's Capital Funds Program and through HUD Hope VI Urban Revitalization grants. Financing for the properties is obtained through bond issues and grants. Funding of the program is provided by federal annual contributions and operating subsidies and tenant rentals (determined as a percentage of family income, adjusted for family composition).

- ***The Seattle Senior Housing Program (SSHP)*** operates 1,030 units acquired and developed under a 1981 City of Seattle (City) bond issue. The purpose of this program is to provide low-rent housing for the elderly, handicapped, and disabled. Funding for the management and operation of these housing units is provided primarily from rental income with a small subsidy for the Public Housing operating funds. During 2011, the Authority received approval from HUD and from the City to include 894 of the SSHP units in the Public Housing program. This change took effect January 1, 2012.

- ***The Section 8 Program*** consists of several Section 8 housing programs, including the Section 8 Housing Choice Voucher program (HCV), the Section 8 New Construction and Substantial Rehabilitation program, and the Moderate Rehabilitation program. The HCV program provides rental housing assistance subsidies in support of 12,668 housing units. The purpose of the program is to provide decent and affordable housing to low-income families and elderly and handicapped individuals wherein rental assistance is provided by HUD. The associated units are maintained and managed by private landlords.

The Section 8 Moderate Rehabilitation program operates under HUD's ACC S-0068K and consists of the operations of 238 privately owned family housing units. The purpose of the program is to rehabilitate substandard rental housing units and provide decent and affordable housing to low-income families whereby rental assistance is provided by HUD. The associated developments are maintained and managed by private landlords. Funding of the program is provided by federal housing assistance contributions.

- ***Other Housing Programs*** operates 2,386 units of low-income housing. These projects are financed primarily through bond issues and receive no external funding. On-site management for these units may be done by the Authority or contracted with other management companies. In addition, the Authority also has 739 nonpublic housing, tax credit units within the HOPE VI redeveloped communities.

The basic financial statements of the Authority have been prepared in conformity with U.S. generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Authority's significant accounting policies are described below.

(b) Reporting Entity

The governing body of the Authority is its Board of Commissioners (Board), comprising seven members appointed by the Mayor of the City. The Authority is not financially dependent on the City and is not considered a component unit of the City.

As defined by GAAP, the reporting entity consists of the primary government, as well as its component units, which are legally separate organizations for which the elected officials of the primary government are financially accountable. Financial accountability is defined as appointment of a voting majority of the component units' board, and one of (a) the ability to impose will by the primary government, or (b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government, or if the component unit is fiscally dependent on and there is a potential for the component unit to provide specific financial benefits to, or impose specific financial burdens on, the primary government regardless of whether the component has (i) a separately elected governing board, (ii) a governing board appointed by a higher level of government, or (iii) a jointly appointed board.

Component units are reported as part of the reporting entity under either the blended or discrete method of presentation. The discrete method presents the financial statements of the component units outside of the basic financial statement totals of the primary government. The Authority has both blended component units and discretely presented component units.

Blended Component Units

The Authority has three blended component units that share the same governing boards as the primary government. The entities have a December 31 year-end and financial statements may be obtained by contacting the Authority.

Campus of Learners Foundation is a Washington State nonprofit corporation incorporated in 1999 to support the provision of services and facilities that will enable public housing residents and their low- and moderate-income neighborhoods to achieve self-sufficiency by (a) raising funds to support Authority projects; (b) planning and/or administering programs of employment and training, education, and individual and family counseling, as well as other community and support services that target low-income persons and lead to self-sufficiency; and (c) providing consultation and training to public housing authorities and other entities that house or plan to house low- and moderate-income people.

Special Projects and Creative Energies (S.P.A.C.E.) Foundation is a Washington State nonprofit corporation formed in 1985 to assist the Authority in its endeavors to develop and operate affordable housing. The S.P.A.C.E. Foundation acts as an instrumentality of the Authority. During the year, the S.P.A.C.E. Foundation entered into a new agreement to lease and operate 228 scattered site low-income housing units.

SHA Instrumentality LLC is a Washington State nonprofit corporation formed in 2020 to assist the Authority in its endeavors to develop and operate affordable housing. The purpose of this entity is to function as a limited partner in Authority tax credit partnerships in the absence of a tax credit equity investor.

Discretely Presented Component Units

The Authority is the 0.01% owner and the managing general partner in 19 real estate limited partnerships as of December 31, 2022. The limited partner interests in these 19 limited partnerships are held by third parties unrelated to the Authority. As the general partner, the Authority has certain rights and responsibilities that enable it to impose its will on the limited partnerships given that the limited partnerships do not have separate boards. The Authority is financially accountable for the limited partnerships as they are fiscally dependent on the Authority according to the terms of the partnership agreements to provide operating subsidies for ongoing operations and some partnership debt obligations are backed by the Authority's general revenues. Additionally, in some cases, the Authority is legally obligated to fund operating deficits and could be liable for tax payments upon exiting the partnerships. The Authority also has outstanding loans and net advances to the limited partnerships amounting to approximately $343.3 million at December 31, 2022. The limited partnerships do not serve the primary government exclusively, or almost exclusively, and, therefore, are shown as discretely presented component units.

The 19 component units are: High Point South Limited Partnership (High Point South), High Rise Rehabilitation Phase I Limited Partnership (Phase I homeWorks or homeWorks I), Seattle High Rise Phase II Limited Partnership (Phase II homeWorks or homeWorks II), Seattle High Rise Phase III Limited Partnership (Phase III homeWorks or homeWorks III), Douglas Apartments Limited Partnership (South Shore Court), Tamarack Place Limited Partnership (Tamarack Place), Lake City Village Limited Liability Limited Partnership (Lake City Court), Rainier Vista Northeast Limited Liability Limited

Partnership (Rainier Vista NE), Leschi House Limited Liability Limited Partnership (Leschi House), 1105 East Fir Limited Liability Limited Partnership (Kebero Court), 820 Yesler Way Limited Liability Limited Partnership (Raven Terrace), 221 10th Ave S Limited Liability Limited Partnership (Hoa Mai Gardens), NewHolly Phase I Limited Liability Limited Partnership (NewHolly Phase I), 888 E Fir, Limited Liability Limited Partnership (Red Cedar), West Seattle Affordable Housing, Limited Liability Limited Partnership (West Seattle Properties), Yesler Block 5.1 Limited Liability Limited Partnership (Hinoki), 6935 Delridge Way LLLP (LamBow), Yesler Block 7.3 LLLP (Sawara) and Jefferson Terrace Limited Liability Limited Partnership (Jefferson Terrace).

High Point South is a separate legal entity created on July 12, 2007 to undertake phase two of the redevelopment activities at the High Point community. The Authority participates as the 0.01% managing general partner of the partnership. The Authority has leased the land for phase two of the High Point redevelopment project to the partnership for a nominal amount under a noncancelable 99-year financing lease. The Authority is obligated to fund operating or other cash shortfalls of the partnership. As of December 31, 2022, High Point South has no developer fees owed to the Authority.

Phase I homeWorks is a separate legal entity created on July 26, 2005 to undertake phase one of a three-phase rehabilitation of 21 public housing high-rise buildings owned by the Authority. Each phase of the project will cover seven buildings, which are leased to the component unit for 99 years. The Authority participates as the 0.01% managing general partner. The Authority is required to provide operating subsidies sufficient to cover the difference between tenant rental income and operating expenses as well as contributions to reserve accounts. As of December 31, 2022, homeWorks I has no outstanding developer fees payable to the Authority. The limited partner exited the partnership on November 1, 2022.

Phase II homeWorks is a separate legal entity created on August 11, 2006 to undertake phase two of the three-phase rehabilitation of 21 public housing high-rise buildings owned by the Authority. Phase two also covers seven buildings, which are leased to the component unit for 99 years. The Authority participates as the 0.01% managing general partner. The Authority is required to provide operating subsidies sufficient to cover the difference between tenant rental income and operating expenses as well as contributions to reserve accounts. As of December 31, 2022, homeWorks II has no outstanding developer fees payable to the Authority. The limited partner exited the partnership on November 1, 2022.

Phase III homeWorks is a separate legal entity created on September 13, 2007 to undertake phase three of the three-phase rehabilitation of 21 public housing high-rise buildings owned by the Authority. Phase three also covers seven buildings, which are leased to the component unit for 99 years. The Authority participates as the 0.01% managing general partner. The Authority is required to provide operating subsidies sufficient to cover the difference between tenant rental income and operating expenses as well as contributions to reserve accounts. As of December 31, 2022, homeWorks III has no outstanding developer fees payable to the Authority. The limited partner exited the partnership on November 1, 2022.

South Shore Court is a separate legal entity created on September 14, 2007 to undertake rehabilitation of the Douglas Apartments, owned by the Authority. South Shore Court admitted a tax credit investor to the partnership as a 99.99% limited partner and the Authority participates as the 0.01% managing general partner. The land and building are leased to the partnership under a 75-year financing lease. If an operating deficit exists, the Authority is obligated to loan funds to the partnership up to the amount of the deficit. As of December 31, 2022, South Shore Court has no developer fees owed to the Authority.

Tamarack Place is a separate legal entity created on October 15, 2008 to undertake phase two of the redevelopment activities at the Rainier Vista community. During 2010, Tamarack Place admitted a tax credit investor to the partnership as a 99.99% limited partner and the Authority participates as the 0.01% managing general partner. The partnership has leased the land from the Authority for 99 years. If an operating deficit exists, the general partner is obligated to loan the partnership up to $350,000. As of December 31, 2022, Tamarack Place has no developer fees owed to the Authority.

Lake City Court is a separate legal entity created on December 3, 2009 to undertake redevelopment activities at the site formerly occupied by Lake City Village, which was demolished in 2002 due to severe flooding damage to the housing units. During 2010, Lake City Court admitted a tax credit investor to the partnership as a 99.99% limited partner and the Authority participates as the 0.01% managing general partner. The partnership has a 55-year financing lease for the land with the Authority for $2,750,000 of which $1,229,777 is payable as of December 31, 2022. If an operating deficit exists, the Authority is obligated to contribute funds to the partnership up to $515,000. As of December 31, 2022, Lake City Court has no developer fees owed to the Authority.

Rainier Vista NE is a separate legal entity created on January 29, 2010 to undertake phase three of the redevelopment activities at the Rainier Vista Community. During 2010, Rainier Vista NE admitted a tax credit investor to the partnership as a 99.99% limited partner and the Authority participates as the 0.01% managing general partner. The partnership has leased the land from the Authority for 99 years. The Authority is obligated to fund operating deficits up to $1,000,000 and to advance funds with no limitation to the partnership to cover deficits. As of December 31, 2022, Rainier Vista NE has no developer fees owed to the Authority.

Leschi House is a separate legal entity created on October 8, 2012 to undertake the redevelopment of Leschi House, a property in the Senior Housing portfolio. During 2015, Leschi House admitted a tax credit investor to the partnership as a 99.99% limited partner and the Authority participates as the 0.01% managing general partner. The Authority has a long-term financing lease of 99 years and 5 months for the land and building with the partnership in the amount of $3,110,000. If operating deficits exist, the Authority is required to loan funds to the partnership up to $298,498. As of December 31, 2022, Leschi House has no developer fees owed to the Authority.

Kebero Court is a separate legal entity created on October 23, 2012 to undertake the first phase of the redevelopment of Yesler Terrace with the construction of a 103-unit apartment building. During 2014, Kebero Court admitted a tax credit investor to the partnership as a 99.99% limited partner and the Authority participates as the 0.01% managing general partner. The partnership has leased the land from the Authority for 99 years. The Authority has an unlimited obligation to fund operating deficits through the stabilization date. After that date, the obligation will be limited to $384,000. As of December 31, 2022, Kebero Court has no outstanding developer fees owed to the Authority.

Raven Terrace is a separate legal entity created on January 29, 2014 to undertake the second phase of the redevelopment of Yesler Terrace with the construction of an 83-unit apartment project. During 2015, Raven Terrace admitted a tax credit investor to the partnership as a 99.98% limited partner and a 0.01% special limited partner. The Authority participates as the 0.01% managing general partner of the partnership. The partnership has leased the land from the Authority for 99 years for a nominal amount. If there are insufficient funds in the operating deficit reserve, the Authority is obligated to provide noninterest-bearing loans to the partnership. As of December 31, 2022, Raven Terrace owed the Authority developer fees in the amount of $275,506.

Hoa Mai Gardens is a separate legal entity created on February 2, 2015 to continue with the redevelopment of Yesler Terrace with the construction of an 111-unit apartment building. During 2015, Hoa Mai Gardens admitted a tax credit investor to the partnership as a 99.99% limited partner and the Authority participates as the 0.01% managing general partner. The partnership has leased the land from the Authority for 99 years. The Authority has unlimited obligation to fund operating deficits through the stabilization date which occurs when the project has a debt service coverage ratio of 1.15 for three consecutive months of operations. The partnership agreement does not specify the obligation of the general partner in regard to funding operating shortfalls after the stabilization date. As of December 31, 2022, Hoa Mai Gardens owed the Authority developer fees in the amount of $380,527.

NewHolly Phase I is a separate legal entity created on March 29, 2016 to undertake rehabilitation of the exterior of the buildings at the phase I of the NewHolly community. During 2016, NewHolly admitted a tax credit investor to the partnership as a 99.99% limited partner and the Authority participates as the 0.01% managing general partner. The partnership has a 99-year financing lease for the land and buildings with the Authority for $19,250,000, which is allocated to the current value of the improvements. If an operating deficit exists, the Authority is obligated to loan funds to the partnership up to $1,228,937 through the end of the fiscal year in which either the third anniversary of the end of the lease-up period or the third anniversary of the end of the stabilization period occurs. As of December 31, 2022, NewHolly Phase I has no developer fees owed to the Authority.

Red Cedar is a separate legal entity created on May 3, 2016 to continue with the redevelopment of Yesler Terrace with the construction of an 119-unit apartment building. During 2019, Red Cedar admitted a tax credit investor to the partnership as a 99.99% limited partner and the Authority participates as the 0.01% managing general partner. The partnership has leased the land from the Authority for 99 years. The Authority has an unlimited obligation to fund operating deficits through the stabilization date which occurs when the project has a debt service coverage ratio of 1.15 for 90 consecutive days of operations. The partnership agreement does not specify the obligation of the general partner in regard to funding operating shortfalls after the stabilization date. As of December 31, 2022, Red Cedar has developer fees in the amount of $2,246,168 owed to the Authority.

West Seattle Properties is a separate legal entity formed on December 12, 2017 to undertake the rehabilitation of three projects in West Seattle, namely Wisteria Court with 12 buildings (96 units), Longfellow Creek with seven buildings (84 units) and Roxhill Court with six buildings (24 units). During 2019, West Seattle Properties admitted a tax credit investor to the partnership as the 99.99% limited partner and the Authority participates as the 0.01% managing general partner. The partnership has a 99-year financing lease for the land and buildings with the Authority for $26,810,000, which is allocated to the current value of the improvements. If an operating deficit exists, the Authority is obligated to provide the funds to the partnership during the break-even period to meet all reasonable operating and fixed costs attributable to such period. As of December 31, 2022, West Seattle has developer fees in the amount of $57,624 owed to the Authority.

Hinoki is a separate legal entity created on March 29, 2019 for the purpose of constructing the fifth building at the Yesler Terrace redevelopment and is planned as a single building complex with 136 apartment units as well as a community service facility space. During 2020, Hinoki admitted a tax credit investor to the partnership as a 99.99% limited partner and the Authority participates as the 0.01% managing general partner. The partnership has leased the land from the Authority for 99 years. The Authority has an obligation to fund operating deficits up to $1,000,000 at any time prior to the second installment of the limited partners' contribution. The operating deficit loan should be provided to cover operating deficits during the lease-up period and other deficits in the first three years of operations. The partnership agreement does not specify the obligation of the general partner in regard to funding operating shortfalls after the stabilization date. As of December 31, 2022, Hinoki has developer fees in the amount of $7,175,000 owed to the Authority.

LamBow is a separate legal entity created on August 23, 2018 for the purpose of developing, constructing, and operating an 82-unit apartment complex intended for rental to families of low income. During 2021, LamBow admitted a tax credit investor to the partnership as a 99.99% limited partner and the Authority participates as the 0.01% managing general partner. The partnership has leased the land from the Authority for 99 years. The Authority has an obligation to fund operating deficits using an operating deficit loan during the first three years of operations up to a maximum of $650,000 and may be less if certain other conditions exist. As of December 31, 2022, LamBow has no developer fees owed to the Authority.

Sawara is a separate legal entity created on February 8, 2021 for the purpose of constructing the sixth building at the Yesler Terrace redevelopment and is planned as a single-building complex with 114 apartment units as well as a community service facility space. During 2021, Sawara admitted a tax credit investor to the partnership as a 99.99% limited partner and the Authority participates as the 0.01% managing general partner. The partnership has leased the land from the Authority for 99 years. The Authority has an obligation to fund operating deficits using an operating deficit loan during the first three years of operations up to a maximum of $850,000 and may be less if certain other provisions exist. As of December 31, 2022, developer fees in the amount of $50,000 were owed to the Authority.

Jefferson Terrace is a separate legal entity created on September 21, 2021 to undertake the rehabilitation of the Jefferson Terrace public housing building owned by the Authority. During 2022, Jefferson Terrace admitted a tax credit investor to the partnership as a 99.99% limited partner and the Authority participates as the 0.01% managing general partner. The partnership has leased the land from the Authority for 99 years. As of December 31, 2022, Jefferson Terrace did not owe the Authority any developer fees.

All 19 component units have a December 31 year-end. The component units' financial statements are presented as of December 31, 2022 and may be obtained by contacting the Authority.

Alder Crest Limited Partnership (Alder Crest) was a separate legal entity created on January 1, 2005 to undertake rehabilitation of the Alder Crest Apartments. Alder Crest admitted a tax credit investor to the partnership as a 99.99% limited partner. On July 1, 2022, Alder Crest was dissolved and all assets and obligations were transferred to the Authority. Prior to the dissolution and merger, Alder Crest was reported as a discretely presented component unit.

The merger of Alder Crest resulted in the following increases and decreases in the January 1, 2022 amounts reported for the primary government and component units:

		Primary government	Component units
Current assets	$	414,898	(415,429)
Capital assets, net		2,643,597	(3,869,294)
Noncurrent assets		(1,250)	—
Inter-entity receivables (payables)		(129,758)	129,758
Inter-entity notes receivables (payables)		(581,231)	581,231
Current liabilities		(203,298)	229,098
Noncurrent liabilities		1,496,384	16
Long-term debt		(2,065,910)	2,021,380
Investment in limited partnerships		3,612	—
Increase (decrease) in net position	$	1,577,044	(1,323,240)

In accordance with GASB Statement No. 69, *Government Combinations and Disposals of Government Operations,* the Authority restated its net position for December 31, 2021 as of January 1, 2022 due to the merger with the Alder Crest:

Net position as previously reported	$	817,396,202
Combination of the Alder Crest Limited Partnership under previously adopted GASB No. 69		1,577,044
Net position, as restated	$	818,973,246

(c) New Accounting Standards Adopted

GASB Statement No. 87, *Leases,* was effective for 2022 and changed the accounting and financial reporting for leases by establishing a single model for lease accounting based on the foundational principle that leases represent a financing transaction associated with the right to use an underlying asset. This statement applies to contracts that convey the right to use a non-financial asset in an exchange or exchange-like transaction for a term exceeding 12 months. Lessees are now required to recognize a lease liability and an intangible right-to-use (ROU) asset, and lessors are required to recognize a lease receivable and deferred inflow of resources. The adoption of this standard had a material impact on the Authority's financial statements. The Authority recorded beginning balance of lease receivables on January 1, 2022 of $90.6 million, additional leases of approximately $24.5 million and, recognition of $2.6 million in lease revenue, and an ending balance of $112.4 million in deferred inflows reclassified from unearned revenue to deferred inflows of resources related to financing leases with the component units.

GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, will improve financial reporting by providing users of financial statements with more relevant information about capital assets and the cost of borrowing for a reporting period. The requirements of this statement are effective for periods beginning after December 15, 2021. The adoption of this standard did not have a material impact on the Authority's financial statements.

GASB Statement No. 91, *Conduit Debt Obligations,* was set forth to improve financial reporting by eliminating the existing option for issuers to report conduit debt obligations as their own liabilities, thereby ending significant diversity in practice. The requirements of this statement are effective for reporting periods beginning after December 15, 2021.The adoption of this standard did not have a material impact on the Authority's financial statements.

GASB Statement No. 92, *Omnibus 2020,* will enhance comparability in the application of accounting and financial reporting requirements and will improve the consistency of authoritative literature. The statement addresses various topics and was adopted without a material impact on the Authority's financial statements.

GASB Statement No. 93, *Replacement of Interbank Offered Rates,* will enhance comparability in the application of accounting and financial reporting requirements and will improve the consistency of authoritative literature. The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods beginning after December 31, 2021. All other requirements of the statement are effective for reporting periods beginning after June 15, 2020. During the year, the Authority worked with lenders to change the rate structure on existing lines of credit to replace LIBOR with SOFR.

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an Amendment of GASB Statements No. 14 and No. 84 and a Supersession of GASB Statement No. 32.* This Statement provides guidance intended to increase consistency and comparability related to reporting of fiduciary component units in situations where a potential component unit does not have a governing board and the primary government performs the duties that a governing board would typically perform. The Statement also intends to mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other post-employment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans). Lastly, the Statement seeks to enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code Section 457 deferred compensation plans that meet the definition of a pension plan, and for benefits provided through those plans. Some requirements of the statement related to defined contribution post-employment benefit plans and fiduciary defined benefit post-employment benefit plans are effective immediately and had no material impact in 2022. The remaining requirements are effective for the fiscal year ending June 30, 2022.

(d) New Accounting Standards to be Adopted in Future Years

GASB Statement No. 96, *Subscription-Based Technology Arrangements,* will improve financial reporting by establishing a definition for these arrangements and providing uniform guidance for accounting and financial reporting for transactions that meet the definition. This will result in greater consistency, enhance the relevance and reliability of the government's financial statements, and allow users to understand the scale and impact on the government's obligations. The requirements of this statement are effective for periods beginning after June 15, 2022.

GASB Statement No. 99, *Omnibus 2022,* will enhance comparability in accounting and financial reporting and improve the consistency of authoritative literature by addressing both practice issues that have been identified during implementation and application of certain GASB statements as well as accounting and financial reporting for financial guarantees. The requirements of this statement are effective immediately for certain provisions and other provisions are effective for fiscal years beginning after June 15, 2022 and June 15, 2023.

GASB Statement No. 100, *Accounting Changes and Error Corrections – an amendment of GASB statement No. 62,* will improve the clarity of the accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this statement are effective for periods beginning after June 15, 2023.

GASB Statement No. 101, *Compensated Absences,* will result in a liability for compensated absences that more appropriately reflects when a government incurs an obligation. In addition, the model can be applied consistently to any type of compensated absence and will eliminate potential comparability between governments that offer different types of leave. The requirements of this statement are effective for fiscal years beginning after December 15, 2023 and all reporting periods thereafter.

The Authority's management is currently evaluating these new standards to determine what impact they will have on the Authority.

(e) Basis of Accounting

The financial statements of the Authority are reported using the economic resources measurement focus and the accrual basis of accounting, whereby all revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Depreciation and amortization of assets is recognized in the statement of revenues, expenses, and changes in net position. All assets and deferred outflows and liabilities and deferred inflows associated with the operation of the Authority are included in the statement of net position. The principal operating revenues of the Authority are rental revenues received from residents and subsidies received from HUD. HUD provides the Authority with housing assistance payments for qualified residents in the Section 8 program along with subsidies for operations in the public housing program. Grants and similar items are recognized as operating revenue when all eligibility requirements have been met. Gains from the sale of capital assets used in the core operations of the Authority are included in operating revenues – other. Operating expenses for the Authority include the costs of operating housing units, administrative expenses, depreciation and amortization, and loss from sale of capital assets. All other revenues and expenses not meeting the definition of operating revenues and expenses are reported as nonoperating revenues and expenses or as contributions of capital.

The Authority reports unearned revenue on its statement of net position. Unearned revenues arise when the cash has been received but the potential revenue has not been earned in the current period.

Unearned revenues also arise when resources are received by the Authority before it has a legal claim to them, as grant monies are received prior to meeting all eligibility requirements and/or the occurrence of qualifying expenditures. In subsequent periods, when both the revenue recognition criteria are met or when the Authority has a legal claim to the resources, the liability for unearned revenue is removed from the statement of net position and revenue is recognized.

(f) Cash and Investments

Cash and cash equivalents are comprised of cash on hand, demand deposits, and short-term investments with a term of less than one year. All of the Authority's investments are reported at fair value with the exception of the Washington State Local Government Investment Pool (LGIP), which is carried at amortized cost. The LGIP portfolio of securities meets the requirements in GASB Statement No. 72, *Fair Value Measurement and Application,* which allows its investments to be reported at amortized cost.

The Authority is authorized by HUD and its Board to invest in time deposits, certificates of deposits, and obligations of the U.S. government or its agencies, and to enter into repurchase agreements. Repurchase agreements are secured by U.S. Treasury securities with a fair value equal to or greater than the amount of the repurchase agreements. The Authority's investment policies provide for the ability to sell investments prior to the investments' contractual maturity.

(g) Accounts Receivable – Other

Other accounts receivable represents various receivables including accrued interest on investments, accrued interest on notes receivable, receivables from other housing authorities for Section 8 portability payments, receivables from component units for developer fees, and receivables from other rental projects that the Authority manages but does not own. The Authority will record an allowance when collectability of the related receivable is uncertain. Other accounts receivables also include the current portion of lease receivables related to rentals of commercial spaces.

(h) Inventories and Prepaid Items

Inventories are stated at cost and consist of expendable materials and supplies. Inventory items are expensed using the moving weighted average. Office supplies and maintenance materials are expensed using the first-in, first-out method. Prepaid items are for payments made by the Authority for services or goods received which will be used in a subsequent fiscal year.

(i) Unamortized Charges

Unamortized charges for the discretely presented component units consist primarily of tax credit application fees, which are amortized over 15 years.

(j) Capital Assets and Depreciation/Amortization

Capital assets are stated at historical cost. Maintenance and repairs are charged to current period operating expenses while improvements are capitalized. Upon retirement or other disposition of property and equipment, the cost and related accumulated depreciation and amortization are removed from the respective accounts and any gains or losses are included in operating revenues and

(Continued)

expenses. Right-of-use leased assets are stated at the present value of payments expected to be made during the lease term, less accumulated amortization.

All capital assets with a value greater than $5,000 and a useful life of over one year are capitalized. Assets acquired through contribution are recorded at the acquisition value on the date donated. Acquisition value is the price that would be paid to acquire an asset with equivalent service potential in an orderly market transaction at the acquisition date.

Capital assets are generally depreciated or amortized using the straight-line method over the following estimated useful lives:

Land improvements	50 years
Leasehold improvements	10 years
Structures	40–75 years
Equipment	3–10 years
Leased equipment	term of lease

(k) Leases

Lessor arrangements are included in accounts receivable current portion, lease receivables, and deferred inflow of resources in the statement of net position. Lease receivables represent the Authority's claim to receive lease payments over the lease term as specified in the contract in an exchange or exchange-like transaction. Lease receivables are recognized at commencement date based on the present value of expected lease payments over the lease term reduced by any provision for estimated uncollectible amounts. Interest revenue is recognized ratably over the contract term on a straight-line basis. Deferred inflows of resources related to leases are recognized at the commencement date based on the initial measurement of the lease receivable, plus any payments received from the lessee at or before the commencement of the lease term. The deferred inflows related to leases are recognized as lease revenue on a straight-line basis over the lease term. The Authority recognizes payments received for short-term leases with a lease term of 12 months or less as revenue as the payments are received.

Lessee arrangements are included in capital assets and long-term liabilities in the Statement of Net Position. Lease assets represent the Authority's right to use an underlying asset for the lease term as specified in the contract, in an exchange or exchange-like transaction. Lease assets are recognized at the commencement date based on the initial measurement of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs. Lease assets are amortized on a straight-line basis over the lease term. Lease liabilities represent the Authority's obligation to make lease payments arising from the lessee arrangement. Lease liabilities are recognized at the commencement date based on the present value of expected lease payments over the lease term, less any lease incentives. Interest expense is recognized ratably over the contract term based on the Authority's incremental borrowing rate. The lease term may include options to extend or terminate the lease when it is reasonably certain that the Authority will exercise that option. The Authority recognizes payments for short term leases with a lease term of 12 months or less as expense when the payments are made. The Authority leases building space and equipment from external parties for various terms under long-term non-cancellable lease agreements. The leases expire at various dates through 2026. The right-to-use lease assets and related accumulated amortization are shown in note 6. The corresponding liabilities are shown in note 8.

(l) Deferred Outflows/Inflows of Resources

A deferred outflow of resources is defined as a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenses/expenditure) until then. A deferred inflow of resources is defined as an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenues) until that time.

(m) Accounts Payable – Other

Other accounts payable include payables for escrow accounts related to construction activities, and the participants of the JobLink program, as well as miscellaneous payables related to payroll costs. The Joblink program assists residents seeking employment with training, guidance and financial support.

(n) Compensated Absences

Cabinet level employees and certain other executive level staff are covered under an executive leave policy. The policy provides this group of employees with 200 hours of annual leave per year to be used within that calendar year and may carry over a maximum of 40 hours to the next calendar year.

All other employees earn 100 hours of vacation leave each year, and after the first year, additional hours are added based on the number of years of service up to a maximum of 200 hours per year. Unused vacation is allowed to accumulate to a maximum of 240 or 360 hours, depending on the employee's date of hire. Employees are paid for all accumulated vacation pay upon termination.

The Authority recognizes and compensates employees for ten traditional holidays. Holiday pay is recorded as an expense when incurred.

Employees earn sick leave at a rate of 96 hours per year. Sick leave is allowed to accumulate with no maximum. Employees are compensated for accumulated unused sick leave at the rate of 25% upon termination, permanent disability, or death.

Accruals are recorded at year-end for unused annual leave and unused sick leave, based on balances of hours at December 31 for each year-end. See note 8(a) for detailed schedule.

(o) Payments in Lieu of Taxes

Pursuant to an agreement with the City, the Authority may make payments in lieu of taxes (PILOT). PILOT may also be provided to other taxing districts in which property is owned. Upon mutual understanding with the City and other taxing districts, no PILOT was made in 2022 and no amounts are due and payable as of December 31, 2022.

(p) Unearned Revenue

The Authority has unearned revenue from prepaid tenant rents and commercial rents, earnest money collected for property sales, and grant funds that have been received but not yet earned.

(q) Income Taxes

Income received or generated by the Authority is not subject to federal income tax, pursuant to Internal Revenue Code Section 115. The Authority is also exempt from state and local property taxes. Interest paid on obligations issued by the Authority is excludable from the gross income of the recipients, pursuant to Section 103(a) of the Internal Revenue Code of 1986, as amended. Contributions to the Authority are tax-deductible contributions, pursuant to Sections 170(b)(l)(A)(v) and 170 (c)(l) of the Internal Revenue Code of 1986, as amended.

(r) Pension Plans

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources, and pension expense, information about the fiduciary net position of the Washington State Public Employees' Retirement System (PERS) cost-sharing multiple-employer defined benefit plans and additions to/deductions from PERS fiduciary net position have been determined on the same bases as they are reported by PERS. 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.

(s) Postemployment Benefits Other Than Pensions

For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources, and OPEB expense, information is derived from the fiduciary net position of the City Health Care Blended Premium Subsidy, a single employer postemployment healthcare plan administered by the City. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms.

(t) Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, deferred inflows of resources, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Material estimates relate primarily to the determination of the allowance on notes receivable from component units.

(2) Deposits and Investments

(a) Deposits

As of December 31, 2022, the Authority's carrying amount of deposits (excluding petty cash and U.S. Post Office deposits) was $32,561,837 and the bank balance was $33,063,523. The bank deposits are held with financial institutions and are entirely insured or collateralized and are classified as cash and cash equivalents in the statement of net position. All deposits in excess of the Federal Deposit Insurance Corporation (FDIC) insurance limit of $250,000 are covered by the Public Deposit Protection Commission of the State of Washington, which is a multiple financial institution collateral pool established under RCW Chapter 39.58. In addition to bank deposits, the Authority has $2,500 held at the U.S. Post Office and $5,930 in petty cash funds. All deposits are either insured or registered and held by the Authority or its agent in the Authority's name.

(b) Investments

The following is a reconciliation of the Authority's investments to the statement of net position as of December 31, 2022:

Statement of net position caption		December 31, 2022
Current assets:		
Investments	$	159,367,232
Restricted investments		19,890,333
Noncurrent assets:		
Investments		11,503,880
Restricted investments		167,299,532
Total investments	$	358,060,977

The Authority's investment policies require that all investments be made in accordance with the stated objectives of capital preservation, optimum liquidity, and return, while conforming to all applicable statutes and regulations. The Authority has established a maximum maturity of three years for operating reserves and a maximum maturity of five years for replacement reserves. Bond reserves may have maturities that match the bond maturity.

The Authority invests a portion of its funds with the LGIP managed by the State Treasurer's office. The investments in this pool comprise repurchase agreements, government securities, and certificates of deposits. The LGIP operates in a manner consistent with the Securities and Exchange Commission's Rule 2a-7 of the Investment Company Act of 1940. As such, the LGIP uses amortized cost to approximate fair value.

The LGIP has a minimum transaction amount for both deposits and withdrawals of $5,000. There is no maximum transaction amount, but the LGIP requests at least one day advance notice for any transaction in the amount of $10 million or more. For transactions less than $10 million, LGIP requires notification the same business day and transactions are limited to one transaction each business day.

The Authority adheres fully to its investment policy, which expressly prohibits the making of speculative or leveraged investments and requires that all investments be made prudently and with due care to ensure compliance with all statutes and regulations.

The Authority restricts its participation in money market mutual funds to those investing only in U.S. Treasury securities.

Fair Value

GASB Statement No. 72 establishes a three-level hierarchy of inputs to valuation techniques used to measure fair value as follows:

- Level 1 inputs – quoted prices (unadjusted) in active markets for identical assets or liabilities that a government can access at the measurement date,
- Level 2 inputs – inputs other than quoted prices included within Level 1 that are observable for an asset or liability either directly or indirectly, and
- Level 3 inputs – unobservable inputs for an asset or liability.

The Authority's investments by fair value level are shown in the following table:

	Totals	Level 1 Quoted prices	Level 2 Observable inputs	Level 3 Unobservable inputs
Money market funds	$ 677,053	677,053	—	—
U.S. agency securities	12,464,165	12,464,165	—	—
Total investments at fair value	13,141,218	13,141,218	—	—
Investments carried at amortized cost	22,500,173			
State investment pool carried at amortized cost	322,419,586			
Total investments	$ 358,060,977			

Custodial Risk

Custodial risk for investments is the risk that in the event of failure of the counterparty to a transaction, the Authority will not be able to recover the value of the investments. As of December 31, 2022, all investments were insured or registered and held by the Authority or its agent in the Authority's name, or uninsured and unregistered, with securities held by the counterparty's trust department or agent in the Authority's name, or investment pools that are not classified since the investments are not evidenced by securities that exist in physical or book entry form. Therefore, the investments are not exposed to custodial risk. The Authority's policy allows for safekeeping of securities either by the agent or a third-party custodian as is the case for the LGIP.

Investments in U.S. Treasury-backed short-term money market funds are investments held by the trustee in the Authority's name for bond issues.

Concentration of Credit Risk, Credit Risk, and Interest Rate Risk

Concentration of credit risk is the risk of loss that may occur due to the amount of investments in a single issuer (not including investments issued or guaranteed by the U.S. government, investments in a mutual fund, or external investment pools). The Authority has a large percentage of its portfolio invested in the LGIP, which is not rated.

Credit risk of investments is the risk that the issuer or other counterparty will not meet its obligations. This credit risk is measured by the credit quality rating of investments in debt securities, as described by a national statistical rating organization such as Standard and Poor's (S&P). The Authority's policy provides that investments in corporate bonds and other fixed-income securities must have a rating of A or better.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Authority's policy is to select investments of varied maturities to mitigate this risk.

The following chart shows the Authority's exposure to these risks:

	S&P credit rating	N/A or less than 1 year	1–5 years	More than 5 years	Total
Money market funds	n/a	$ 677,053	—	—	677,053
U.S. agency securities	AAA	23,460,458	11,503,880	—	34,964,338
State investment pool	n/a	322,419,586	—	—	322,419,586
Total investments		$ 346,557,097	11,503,880	—	358,060,977

(c) Component Unit Deposits

As of December 31, 2022, the component units' carrying amount of deposits (excluding petty cash) was $135,405,422 and the bank balance was $135,423,580. The bank balances held with financial institutions are entirely insured or collateralized and are classified as cash and cash equivalents in the statement of net position. All deposits in excess of the FDIC insurance limit of $250,000 are covered by the Public Deposit Protection Commission of the State of Washington, which is a multiple financial institution collateral pool, established under RCW Chapter 39.58. In addition to bank deposits, the component units have $600 in petty cash funds.

(d) Component Unit Investments

As of December 31, 2022, investments of $268,405 were held in trust and restricted for the development of the component units' redevelopment projects, replacement reserves, and operating reserves.

Custodial Risk

The investments of the component units are comprised of money market funds. As of December 31, 2022, all investments were insured or registered, and held by the component unit or its agent in the component unit's name. Therefore, the investments are not exposed to custodial risk.

Concentration of Credit Risk, Credit Risk, and Interest Rate Risk

The chart below shows the exposure to concentration of credit risk, credit risk and interest rate risk:

	S&P credit rating	N/A or less than 1 year	Total
Money market funds	n/a	$ 268,405	268,405
Total investments		$ 268,405	268,405

(3) Restricted Cash and Investments

The Authority's restricted cash and investments as of December 31, 2022 are summarized in the following table with a further analysis of the purpose of each restriction in the sections that follow:

Security deposits	$ 1,735,620
Bond trust funds and mortgage reserves	33,435,978
Unspent HCV Subsidy	3,856,252
Other required replacement reserves	5,008,336
Other restricted funds:	
JobLink Escrow account	193,719
Dream Big Scholarship fund	76,230
High Point Endowment Trust	225,347
Lake City Court Endowment Trust	165,097
HUD held for High Point and Yesler Terrace developments	6,605,980
Unspent proceeds from 2020 refunding	6,890,021
Yesler Land sale proceeds	129,940,712
Loan fund commitments to component units	21,400,491
	$ 209,533,783

The following is a reconciliation of restricted cash and investments to the statement of net position as of December 31, 2022:

Current assets:	
Restricted cash	$ 19,568,047
Restricted investments	19,890,333
Noncurrent assets:	
Cash restricted for long-term purpose	2,775,871
Restricted investments	167,299,532
	$ 209,533,783

(a) Security Deposits

Upon moving into a project, tenants are required to pay a security deposit, which is refundable when the tenant vacates the apartment, provided the apartment's physical condition is satisfactory and rent is paid in full. The Authority held security deposits for residential tenants as well as commercial tenants as of December 31, 2022 as shown in the schedule below:

		Residential	Commercial	Total
Total security deposits	$	1,651,648	83,972	1,735,620

(b) Bond Trust Funds and Mortgage Reserves

As of December 31, 2022, funds held for bond trust funds and mortgage reserves are shown below:

		Balance
Investments for Gamelin/Genesee bonds are restricted for the payment of principal and interest. The investments consist of money market funds and earn interest of 3.74%.	$	255,563
Investments are held for the payment of principal and interest for the bond refunding in 2013 for Montridge Arms, Westwood East, Spruce Street, Norman Street, MLK properties, Fir Street, Lam Bow, Main Street Apartments, and Yesler Court. The funds consist of U.S. Treasury notes and bear interest of 0.79%.		11,187,614
Restricted cash is held for the Beacon operating reserves and replacement reserves. The funds consist of money market funds and bear interest at approximately 0.61%.		134,921
Reserves are held in restricted cash accounts for the capital replacement and operations of Villa Park and bear interest at approximately 0.01%.		101,659
Restricted cash is held for operating reserves and replacement reserves for Senior Housing projects Willis House, Reunion House, Nelson Manor, and Olmsted Manor and bear interest of approximately 0.61%.		139,957
Restricted cash is held for bond activity related to the Douglas Apartment bonds. The account bears interest of approximately 0.61%.		461,045
Reserves are held in cash accounts for Ravenna School replacement reserves and bear interest at approximately 0.61%.		186,017
Money market funds are held for replacement reserves for properties supported by the 2014 bond refunding including Market Terrace, Mary Avenue, Bayview Tower, Lake City Commons, Villa Park, Telemark Apartments, Main Place II, Delridge Triplexes, 5983 Rainier Avenue, 924 MLK Way, and Baldwin Apartments. The funds bear interest of approximately 0.61%.		1,024,736

		Balance
Restricted investments are held for the payment of principal and interest for properties of the 2014 bond refunding including Market Terrace, Mary Avenue, Bayview Tower, Lake City Commons, Villa Park, Telemark Apartments, Main Place II, Delridge Triplexes, 5983 Rainier Avenue, 924 MLK Way, and Baldwin Apartments. The funds bear interest of approximately 0.79%.	$	11,312,565
Restricted cash is held for Holly Park Phase II public housing expense reserve and operating deficit reserve. The funds bear interest at approximately 0.61%.		571,051
Restricted cash is held for the 2018 Bond refunding properties, including Wedgewood Estates, New Holly Phases II and III and Rainier Vista, to pay interest and principal on the bonds. The funds bear interest at approximately 0.01%.		982,384
Restricted cash is held for the 2018 Bond refunding properties, including Wedgewood Estates, New Holly Phases II and III and Rainier Vista, as unspent bond proceeds. The funds bear interest at approximately 0.01%.		856,119
Restricted cash is held for the 2018 Bond refunding properties, including Wedgewood Estates, New Holly Phases II and III and Rainier Vista, for replacement reserves. The funds bear interest at approximately 0.01%.		3,543,863
Restricted cash is held for replacement reserves at Spring Lake, Weller Apartments, Golden Sunset Apartments and MLK Apartments. The funds bear interest at approximately 0.61%.		693,307
Restricted cash is held for replacement and operating reserves at the Ritz Apartments. The funds bear interest at 0.61%.		101,704
Restricted investments are held for payment of principal and interest for the Northgate Apartment bonds and bear interest at approximately 1.02%.		421,484
Restricted investments are held for replacement reserves for properties covered under the 2020 Refunding and bear interest at approximately 4.12%.		1,461,989
	$	33,435,978

(c) Other Restricted Funds

The Authority has restricted investments held as deferred revenue under the Section 8 non-MTW voucher program in the amount of $3,856,252.

In addition to replacement reserves required under debt agreements, the Authority’s blended component unit S.P.A.C.E. Foundation held restricted cash amounts of $1,606,980 for replacement reserves at the scattered site properties it operates.

Restricted cash amounts of $193,719 are held in trust for participants of the JobLink program, which helps tenants of the Authority’s programs to further employment opportunities with coaching, training programs and educational assistance. The JobLink program is available for tenants age 18 or older. Residents work with career coaches to map out individual plans for better employment.

Restricted cash amounts of $76,230 are held in the Campus of Learner's Foundation within the Development fund for the Dream Big Scholarship fund, which provides scholarships for residents of the Authority's communities.

Restricted cash amounts of $225,347 are held in an endowment trust for residents of High Point. The funds are to be used only for planning, providing, and evaluating community and support services for the primary benefit of the public housing residents of High Point housing development and former residents occupying other public housing in accordance with the plan approved by HUD. A portion of the interest may be spent each year and the High Point Endowment Trust will continue to exist in perpetuity. Upon approval from HUD on August 28, 2009, grant funds in the amount of $220,995 were deposited to the account. During the year, there were no withdrawals and the account increased in value by $295.

Restricted cash amounts of $165,097 are held in an endowment trust for residents of Lake City Court. The funds are to be used for purposes that are consistent with the objectives of providing youth enrichment activities, providing services for seniors and providing community building activities for the residents of Lake City Court. The intent is to spend only the interest earnings and leave the principal intact. Upon approval from HUD in September 2013, grant funds in the amount of $163,069 were deposited to the account. During the year, there were no withdrawals and the account increased in value by $216.

Restricted cash in the amount of $6,890,021 is held according to a security agreement with HUD. Funds represent proceeds from land sales at High Point and Yesler Terrace and are to be used for development at Yesler Terrace. HUD will release funds when certain conditions are met as described in the security agreement.

The Authority also has unspent loan proceeds related to the 2020 Refunding Note in the amount of $6,605,980. These funds are held for capital improvements needed on the buildings involved in the refunding.

In addition, under an agreement with HUD related to the Yesler Transformation Plan, all other proceeds from land sales at the Yesler Terrace site are restricted for continued development at the property. As of December 31, 2022, $129,940,712 was held in restricted investments for this purpose.

Partnership loan commitments are held as restricted investments and total $19,284,827 for Sawara and $2,115,664 for LamBow Apartments. The Authority expects the funds to be loaned to the partnership during 2023 and 2024.

(Continued)

(4) Notes Receivable

(a) Other Than from Component Units

		December 31, 2022	Due within one year
Due from Stone View Village I Limited Partnership and Stone View Village II Limited Partnership.- The notes bear interest at rates ranging from 0.5% to the lowest applicable federal rate as determined under the Internal Revenue Code of 1986, and all interest and principal are due in March and April 2039.	$	1,373,835	—
Due from Lutheran Alliance to Create Housing (LATCH) Roxbury Limited Partnership. The note bears no interest for the first 30 years. Interest accrues beginning February 1, 2030 at 2%, with annual payments of $73,388 until the note matures in January 2050.		1,200,000	—
Due from the Low Income Housing Institute (LIHI), a Washington nonprofit corporation, and the Lakeview Apartments Limited Partnership. The note bears interest at 3% annually and all interest and principal will be forgiven in December 2040, if the project is operated according to the loan regulatory agreement.		494,600	—
Due from the Plymouth Housing Group (PHG), a Washington nonprofit corporation. The loan bears interest at 1% annually and all principal and interest are due January 2041. Provided the borrower complies with the loan regulatory agreement, all principal and interest will be forgiven January 2041.		856,912	—
Note due from the Mount Baker Housing Association for the Starlighter Apartments, which is secured by a deed of trust on the property. The note bears interest at an annual rate of 1%, which is deferred until October 31, 2040, at which time the loan will be forgiven if the project is operated in in accordance with the loan agreement.		270,000	—
Due from Madison Housing Partners Phase I, LLC and Madison Housing Partners Phase II, LLC. The notes are for the Views at Madison I and II and are secured by deeds of trust on the properties. Both notes bear interest at an annual rate of 1.0% and are payable December 31, 2042.		826,106	—

(Continued)

	December 31, 2022	Due within one year
Due from the Seattle Chinatown International District Public Development Authority (SCIDPDA). The note bears interest at a rate of 1% per annum and all interest and principal are due on the maturity date of December 31, 2043.	$ 1,622,881	—
Two notes due from the LIHI NW 85th, LLC, which are secured by a deed of trust on the property. One of the $500,000 notes bears interest at 1% per annum and is payable in full on December 31, 2042, provided the project is operated in accordance with Low Income Housing regulatory agreement and the terms of the loan agreement. The other note bears interest at 3% per annum. The balance of principal and accrued interest as of December 31, 2004 shall be amortized over a period of 20 years beginning on January 1, 2005. Payments of $2,942 will be required monthly until final maturity on December 31, 2025.	568,446	33,709
Due from the Andover Court Associates, LLC and secured by a deed of trust on the property. The note bears interest at 1% per annum and is payable in full on the maturity date of March 31, 2043, provided the project is operated in accordance with the Low Income Housing regulatory agreement and the terms of the loan agreement.	743,179	—
Due from LIHI Meadowbrook Associates, LLC. The note bears interest at a rate of 1% per annum. The balance of principal and interest is due in full on the maturity date of December 31, 2052.	600,000	—
Due from HRG for the purchase of Judkins Park Apartments. The note is secured by a deed of trust on the property and bears interest at 1%. Principal and interest are due on the maturity date of February 29, 2044.	400,340	—
Due from the Archdiocesan Housing Authority and ML King Housing Limited Partnership. The note is secured by a deed of trust on the property and bears interest at 1%. Principal and interest are due on the maturity date of July 31, 2044.	266,013	—

(Continued)

		December 31, 2022	Due within one year
Due from Main Street Interim, LLC. The note is secured by a deed of trust, bears interest at 1% per annum, and matures December 1, 2054.	$	1,055,568	—
Due from Denny Park, LLC. The note is secured by a deed of trust on the property and bears interest at 1%. Principal and interest are due on the maturity date of September 3, 2044.		250,000	—
Due from CHHIPS Pantages Apartments LLC. The note is secured by a deed of trust on the property and bears interest at 1%. Principal and interest are payable on the maturity date of August 16, 2044.		548,465	—
Due from Stoneway Apartments, LLC. The note is secured by a deed of trust on the property and bears interest at 1% per annum. Principal and interest are payable on the maturity date of July 31, 2055.		1,499,999	—
Due from CHHIPS for the construction of Broadway and Pine Apartments. The note is secured by a deed of trust and bears interest at 1%. Principal and interest are due on the maturity date of November 4, 2055.		548,465	—
Due from Delridge Neighborhood Development, managing member of the West Seattle Resource Center, LLC. The note is secured by a deed of trust and bears interest at 1%. Principal and interest are payable on the maturity date of February 1, 2056.		325,000	—
Due from Neighborhood House for land sold at Rainier Vista. The note bears no interest and matures August 31, 2054.		210,000	—
Due from Solid Ground for the construction of replacement units and rehabilitation of existing units at Santos Place. The note bears no interest and matures August 7, 2067.		150,175	—
Due from 6600 Roosevelt LLP for the construction of Cedar Crossing Condominiums. The note bears simple interest at 1% per annum. Principal and interest are due at the maturity date of December 31, 2072.		1,000,000	—
Due from Big Village LLLP for the construction at the former King County Records site. The note bears simple interest at 1% per annum and matures September 1, 2078. Payments begin June 30, 2038 from net cash flows.		4,000,000	—
Allowance for loss		(924,914)	—
Total notes receivable, net	$	17,885,070	33,709

The Authority has a gross notes receivable and an allowance of $4,034,915 for loans made to Neighborhood House and Boys and Girls Club that are excluded from the table above. The allowance fully covers the loans as a portion of the loan amounts is forgivable each year provided they comply with the terms of the loan agreements.

(b) Notes Receivable from Component Units

		Balance December 31, 2022	Due within one year
Two notes due from homeWorks I. One note for $12,000,000 bears interest at 4.82% per annum during rehabilitation and 2.75% per annum thereafter. The other note in the amount of $12,000,000 bears interest at 4.68% per annum during rehabilitation and 2.75% per annum thereafter. Both notes mature on January 1, 2046 with principal and interest payments due quarterly during rehabilitation and annually from available cash flows thereafter. As of December 31, 2022, the amount of interest payable to the Authority was $8,104,250.	$	24,000,000	—
Two notes due from High Point South in the amounts of $4,606,506 and $8,606,159. The notes bear interest at 1% per annum and mature in 2062. Interest payments are due annually from available net cash flows. As of December 31, 2022, interest payable to the Authority was $969,363.		13,212,665	—
Two notes due from homeWorks II in the amounts of $12,000,000 and $16,051,551. The notes bear interest at 4.88% and 4.60%, respectively, during rehabilitation and 3.5% thereafter. Both notes mature December 31, 2046. As of December 21, 2022, interest payable to the Authority was $6,798,262.		28,051,551	—
Two notes due from homeWorks III in the amounts of $9,200,000 and $11,750,000. The notes bear interest at 4.13% and 5.04%, respectively, during rehabilitation and 4.25% thereafter. Both notes mature December 19, 2047. As of December 31, 2022, interest payable to the Authority was $6,869,413.		20,950,000	—
Due from Tamarack Place. The note bears interest at 1% per annum and matures in 2049. Interest payments are due from available net cash flows. As of December 31,2022 was $520,369.		10,400,000	—

		Balance December 31, 2022	Due within one year
Two notes due from Rainier Vista NE in the amounts of $10,000,000 and $6,337,135. Both notes bear interest at 1.5% per annum and mature in 2060. Interest payments are due annually from available cash flows. As of December 31, 2022, no interest was payable to the Authority.	$	16,337,135	—
Due from Lake City Court. The note accrues interest at 0.08% per annum and matures May 2065. As of December 31, 2022, interest payable to the Authority was $1,604,437.		16,358,505	—
Due from Lake City Court for long term capital lease. The lease accrues interest at 4.7% and matures May 1, 2065 with payments subject to cash flow. As of December 31, 2022, interest payable to the Authority was $167,684.		1,229,777	—
Due from South Shore Court. The note accrues interest at 4.80% per annum and matures June 2040. As of December 31, 2022, interest payable to the Authority was $6,000.		1,500,000	60,000
Two notes due from Kebero Court. The notes accrue interest at 3.0% per annum and mature April 1, 2065. As of December 31, 2022, interest payable to the Authority was $1,967,302.		8,783,627	—
Due from Raven Terrace. The note accrues interest at 2.5% and matures in 2069. As of December 31, 2022, interest payable to the Authority was $1,876,000.		10,193,020	—
Due from Leschi House. The note accrues interest at 1.0% per annum and matures April 30, 2065. As of December 31, 2022, interest payable to the Authority was $6,005.		580,615	—
Due from Hoa Mai Gardens. The note accrues interest at 1.0% per annum and matures December 1, 2065. As of December 31, 2022, interest payable to the Authority was $1,016,622.		16,981,197	—
Due from NewHolly Phase I. The acquisition loan accrues interest at 2.18% per annum and matures in 2066. As of December 31, 2022, interest payable to the Authority was $1,540,635.		13,034,079	—
Two notes due from NewHolly Phase I. Both notes accrue interest at 1% with interest payable from available cash flows and mature in 2066. Interest payable to the Authority was $173,712 as of December 31, 2022.		5,198,656	—

(Continued)

		Balance December 31, 2022	Due within one year
Two notes due from Red Cedar bearing interest at 1.0% per annum compounded annually and payable from available cash flows. Interest payable to the Authority was $645,882 as of December 31, 2022.	$	15,967,509	—
Due from West Seattle Properties from a rehabilitation loan bearing interest at 1% payable from cash flow. The loan matures December 1, 2067. Interest payable to the Authority was $302,054 as of December 31, 2022.		4,898,447	—
Due from West Seattle Properties, a 50-year ground lease with annual payments due of $43,600 payable from cash flows. Interest on the unpaid portion accrues at 2.64% and $292,556 was payable as of December 31, 2022.		2,180,000	43,600
Due from West Seattle Properties. The acquisition loan accrues interest at 2.64% and matures December 1, 2067. As of December 31, 2022, interest payable to the Authority was $2,700,775.		20,125,000	—
Due from Hinoki Apartments. The note accrues interest at 1% per annum and matures in 2070. The maximum loan amount is $38,500,000 and interest payable to the Authority was $578,508 as of December 31, 2022.		18,883,604	—
Due from Hinoki Apartments. The bridge loan accrues interest at 3.11% per annum. Interest and principal are due at maturity in January 2024. Interest payable to the Authority was $578,508 as of December 31, 2022.		5,000,000	—
Due from LamBow Apartments. The note accrues interest at 0.05% and matures in 2071. The maximum loan amount is $13,402,663 and interest payable to the Authority as of December 31, 2022 was $34,167.		11,286,998	—
Due from Sawara. The note accrues interest at 1% per annum and matures in 2071. The maximum loan amount is $32,000,000 and interest payable to the Authority as of December 31, 2022 was $72,452.		15,532,381	—
Two notes due from Jefferson Terrace. The acquisition loan bears interest at 3.35% compunded and matures August 2072. The rehab loan also matures in August 2072 and bears interest at 1% annually. Interest payable to the Authority as of December 31, 2022 was $287,413.		25,368,431	—
Allowance for loss		(7,623,180)	—
Total notes from component units, net	$	298,430,017	103,600

(5) Lessor Arrangements

The Authority leases buildings and ground space to external parties. The leases expire at various dates through 2042 and provide for renewal options ranging from one to 10 years. The Authority records lease receivables and deferred inflows of resources based on the present value of expected receipts over the term of the respective leases. The expected receipts are discounted using the rate the Authority earns on investments in the LGIP. Lease receivables are recorded as other assets and as of December 31, 2022, future lease receivable principal and interest payments are as follows:

	Principal	Interest	Total
2023	$ 636,896	26,132	663,028
2024	461,133	24,981	486,114
2025	290,039	22,181	312,220
2026	231,878	18,973	250,851
2027	77,268	17,370	94,638
2028 – 2032	183,412	74,352	257,764
2033 – 2037	196,258	49,382	245,640
2038 – 2042	222,719	14,784	237,503
Total lease receivable	$ 2,299,603	248,155	2,547,758

During 2022, the Authority recognized $633,284 of rental income and $23,527 of interest revenue related to these commercial leases.

Leases

The Authority has certain other leases that have been paid in advance and contribute to deferred inflows for resources. The Authority does not hold receivables for these leases and amortizes the deferred inflows over the life of the leases. The table below shows the deferred inflows of resources related to these leases as of December 31, 2022.

		Original lease amount	Deferred inflows of resources
homeWorks I	$	11,434,750	9,471,500
homeWorks II		12,171,533	10,200,787
homeWorks III		11,446,098	9,707,838
South Shore Court		3,650,000	2,968,662
Lake City Court		2,750,000	1,363,661
Leschi House		3,110,000	2,825,422
Kebero Court		909,406	824,839
NewHolly Phase I		19,250,000	18,033,054
West Seattle Properties		28,990,000	27,525,860
Red Cedar		3,330,000	3,142,198
Jefferson Terrace		23,930,000	23,850,237
Hinoki		203,000	203,000
Total	$	121,174,787	110,117,058

In addition to the leases above, the Authority has deferred inflows of resources for commercial leases in the amount of $2.3 million.

(6) Capital Assets

The following is a summary of changes in capital assets of the Authority for the year ended December 31, 2022:

	Balance January 1, 2022	Additions and transfers-in	Dispositions and transfers-out	Balance December 31, 2022
Capital assets, not being depreciated:				
Land	$ 136,010,023	—	—	136,010,023
Construction in progress	34,434,666	21,638,331	(20,739,895)	35,333,102
Total capital assets, not being depreciated	170,444,689	21,638,331	(20,739,895)	171,343,125
Depreciable capital assets:				
Land improvements	54,551,410	310,277	—	54,861,687
Structures	602,579,873	10,015,479	—	612,595,352
Right-to-use structures	2,260,970	—	—	2,260,970
Leasehold improvements	1,538,041	—	—	1,538,041
Equipment	26,948,120	415,182	(156,082)	27,207,220
Right-to-use equipment	216,970	19,570	—	236,540
	688,095,384	10,760,508	(156,082)	698,699,810
Less accumulated depreciation and amortization for:				
Land improvements	(19,825,737)	(1,654,026)	—	(21,479,763)
Structures	(303,300,675)	(12,229,348)	—	(315,530,023)
Right-to-use structures	—	(1,808,776)	—	(1,808,776)
Leasehold improvements	(1,117,210)	(78,453)	—	(1,195,663)
Equipment	(21,236,572)	(1,368,828)	156,082	(22,449,318)
Right-to-use equipment	—	(64,098)	—	(64,098)
Total accumulated depreciation and amortization	(345,480,194)	(17,203,529)	156,082	(362,527,641)
Total capital assets, being depreciated, net	342,615,190	(6,443,021)	—	336,172,169
Total capital assets, net	$ 513,059,879	15,195,310	(20,739,895)	507,515,294

Substantial restrictions are imposed by HUD, as well as by state and local governments, on the use and collateralization of the Authority’s capital assets. Dispositions of construction in progress includes approximately $10.6 million of non-capitalizable projects and related expenses.

Construction in Progress

Capital improvements made on the Authority's Low Rent housing stock are financed by grant funds provided by HUD under Capital Grants and the Choice Neighborhood Implementation Grants (CNI). The funds provided through these programs are used to rehabilitate the housing stock, which extends the useful life of the buildings. Capital grants are awarded annually based on a comprehensive modernization plan submitted by the Authority. CNI grants are awarded based on a specific application request. The Authority's construction in progress in the Low Rent program consists of the costs for modernization of public housing units. When modernization grants are completed, HUD issues a modernization cost certificate for each grant, at which time construction in progress for that grant is recorded in the building category. For the CNI redevelopment grants, some construction in progress amounts represent infrastructure costs, which will be ultimately transferred to and maintained by the City. These transfers occur when the projects are complete.

Dispositions and transfers out from construction in progress also include the expense of soft costs and transfers to newly formed component units. It is not uncommon for the Authority to incur predevelopment costs for development projects prior to the completion of the legal process that establishes a component unit.

Component Units

The following is a summary of changes in the capital assets of the Authority's component units for the year ended December 31, 2022:

	Balance January 1, 2022	Additions and transfers-in	Dispositions and transfers-out	Balance December 31, 2022
Capital assets, not being depreciated:				
Land	$ 4,033,167	—	—	4,033,167
Construction in progress	87,630,545	63,334,896	(87,631,942)	63,333,499
Total capital assets not being depreciated	91,663,712	63,334,896	(87,631,942)	67,366,666
Depreciable capital assets:				
Land improvements	20,830,355	357,527	—	21,187,882
Structures	393,590,362	84,281,122	—	477,871,484
Right-to-use-structures	97,244,787	23,930,000	—	121,174,787
Equipment	9,149,741	1,647,658	—	10,797,399
	520,815,245	110,216,307	—	631,031,552
Less accumulated depreciation and amortization for:				
Land improvements	(8,801,413)	(1,396,670)	—	(10,198,083)
Structures	(103,451,601)	(10,957,796)	—	(114,409,397)
Right-to-use-structures	—	(2,763,461)	—	(2,763,461)
Equipment	(5,740,192)	(625,056)	—	(6,365,248)
Total accumulated depreciation and amortization	(117,993,206)	(15,742,983)	—	(133,736,189)
Total capital assets, being depreciated, net	402,822,039	94,473,324	—	497,295,363
Total capital assets, net	$ 494,485,751	157,808,220	(87,631,942)	564,662,029

(7) Short-Term Borrowings

The Authority established a $40,000,000 taxable revolving line of credit to finance and/or refinance the acquisition, construction, rehabilitation and equipping of real estate, housing and related improvements and facilities. The line of credit bears interest at the one-month SOFR rate plus 0.95%, matures March 2025 and requires monthly interest payments.

The Authority also established a revolving taxable and tax-exempt line of credit with a maximum total amount of $30,000,000 of either taxable or tax-exempt financing at any one time. The line will be available to provide financing for acquisition, demolition, and construction of facilities as well as general corporate purposes and operating needs. The taxable portion of the line of credit bears interest at the one-month LIBOR fixed rate plus 0.85%, or 0.95% at December 31, 2022 and requires monthly interest payments. The nonbank qualified tax-exempt portion of the line carries an interest rate of LIBOR plus 1.3%, or 1.45%, at

December 31, 2022. The note expired on December 31, 2022 and the Authority established a similar line of credit in early 2023 tied to the SOFR rate.

(8) Long-Term Debt and Other Long-Term Obligations

(a) Authority Debt and Accrued Compensated Absences

The following is a summary of changes in the Authority's long-term debt and accrued compensated absences for the year ended December 31, 2022:

	Balance January 1, 2022	Additions	Retirements	Balance December 31, 2022	Due within one year
Notes payable issued in 1998 to the City of Seattle's General Fund, Urban Renewal, and Capital Facilities Fund for NewHolly Phase I. Interest accrues at 1% simple interest per year and is forgiven at the rate of 5% per year beginning on the 21st year, subject to compliance with certain covenants. Principal payments may be deferred if the property is kept for low-income housing. If the Authority remains in compliance with the debt covenants for 75 years, the unpaid principal balance will be forgiven.	$ 1,615,684	—	—	1,615,684	—
Note payable to the City of Seattle's Housing Development fund for NewHolly Phase II. Interest accrues at 1% simple interest per year and is payable on or before September 11, 2040.	1,700,000	—	—	1,700,000	—
Notes payable issued in 2001 to the City of Seattle's Cumulative Reserve Fund and HOME program for NewHolly Phase II. Interest accrues at 1% simple interest per year up to the 20th year and is forgiven at the rate of 5% per year beginning on the 21st year, subject to compliance with certain covenants. Principal and interest payments may be deferred if the property is kept for low-income use. If the Authority remains in compliance with the debt covenants for 75 years, the unpaid principal balance and accrued interest will be forgiven.	2,800,000	—	—	2,800,000	—

	Balance January 1, 2022	Additions	Retirements	Balance December 31, 2022	Due within one year
Note payable to the Washington State Office of Assistance Program for New Holly Phase II. Payments of principal and interest are deferred for 30 years until December 31, 2032 with interest accruing at 1%. Beginning on the 31st year, all unpaid principal and interest will be paid over 20 years with annual payments of $149,383, with annual interest only payments of $22,104 for the first 10 years and $122,060 for the remaining 10 years and the final payment due on or before October 1, 2045.	$ 2,000,000	—	—	2,000,000	—
Note payable to the State of Washington for the Villa Park project. Interest accrues 1% per year compounded monthly, with 50 annual payments of $27,698. The note is secured by a deed of trust on the property.	673,534	—	—	673,534	20,963
Note payable to the City for the Villa Park Apartments. Interest accrues at 1% simple interest per year for the first 20 years and is forgiven at the rate of 5% per year beginning on the 21st year, subject to compliance with certain covenants. Principal payments may be deferred if the property is kept for low-income housing. If the Authority remains in compliance with debt covenants for 75 years, the unpaid principal balance will be forgiven. The note is secured by a deed of trust on the property.	1,785,723	—	—	1,785,723	—

	Balance January 1, 2022	Additions	Retirements	Balance December 31, 2022	Due within one year
Note payable to the City from 1992 for the Beacon House project. Interest accrues at 1% simple interest per year for the first 20 years and is forgiven at the rate of 5% per year beginning on the 21st year, subject to compliance with certain covenants. Principal payments may be deferred if the property is kept for low-income housing. If the Authority remains in compliance with the debt covenants for 75 years, the unpaid principal balance will be forgiven.	$ 329,260	—	—	329,260	—
Loans payable to Seattle Office of Housing for the rehab of Willis House and Reunion House. Loans bear interest at 1%, which is payable at maturity, December 2059.	850,000	—	—	850,000	—
Loans payable to Seattle Office of Community Trade and Economic Development for rehab at Willis House and Reunion House which bear interest at 1%. Forgivable on maturity date in December 2049.	879,273	—	—	879,273	—
Loans payable to Seattle Office of Housing for the rehab of Nelson Manor, which bear interest at 1%, and are payable at maturity, in August 2061.	478,065	—	—	478,065	—
Loan payable to Seattle Office of Housing for the rehab of Olmsted Manor, which bears interest at 1% and is payable at maturity, August 2061.	477,974	—	—	477,974	—
Loan payable to Seattle Office of Housing for the rehab of Blakely Manor, which is payable at maturity November 18, 2061. Interest rate is 1%.	984,155	—	—	984,155	—

	Balance January 1, 2022	Additions	Retirements	Balance December 31, 2022	Due within one year
Loan payable to Seattle Office of Housing for the rehab of Bitter Lake Manor. The loan bears interest at 1% and is payable at maturity, January 25, 2062.	$ 978,930	—	—	978,930	—
Loan to the State of WA for Beacon House payable at maturity in March 2043 and bears no interest.	114,212	—	—	114,212	—
Loan payable to City of Seattle Office of Housing bearing interest at 1% per annum with payments from available cash flows. The note matures August 9, 2054.	560,000	—	—	560,000	—
CDBG loan payable to City of Seattle for Yesler Terrace redevelopment. Principal and interest at 1% are due at maturity, December 1, 2064.	543,356	—	—	543,356	—
CDBG loan payable to City of Seattle for Yesler Terrace redevelopment. Principal and interest at 1% are due at maturity, December 1, 2065.	457,470	—	—	457,470	—
Note payable to Washington State Housing Trust Fund for NewHolly Phase III. The note bears interest at 1%. Payments of principal and interest were deferred until December 1, 2015 when payments of unpaid interest and principal began and will continue until all amounts are paid over 20 years.	2,000,000	—	—	2,000,000	—
Note payable to the City of Seattle for NewHolly Phase III which accrues interest at 1% and matures August 7, 2053. Principal and interest payments are due from available net cash flows.	2,066,671			2,066,671	—
Note payable to Washington State Housing Assistance Program for High Point North. The note bears interest at 1% per annum. Payments were deferred for 12 years with interest payments beginning April,2016 and principal and interest payments beginning in April 2021 until the maturity date of January 2046.	2,000,000	—	—	2,000,000	72,029

	Balance January 1, 2022	Additions	Retirements	Balance December 31, 2022	Due within one year
Note payable to the City of Seattle, Office of Housing for the MLK Apartments. The note bears interest at 1.75% and has an initial maturity date of May 1, 2025 and may be extended for two years. Payments are due from cash flows or at maturity.	$ 14,820,565	—	—	14,820,565	—
Two notes payable to the City of Seattle, Office of Housing for Alder Crest bearing interest at 1% per year and maturing March 2057.	1,103,407	—	—	1,103,407	—
Note payable to Washington State for Alder Crest which bears no interst and matures March 2057. The note requires quarterly payments.	962,500	—	—	962,500	11,224
Note payable to Key Bank for the refunding of outstanding bonds for the local housing program, as well as the High Point North bonds. The note bears interest rate at 3.2% for the first 10 years and resets April, 2030. Payments are due semi-annually and final maturity date is April, 2050.	61,069,413	—	1,338,795	59,730,618	1,381,980
Note payable to Key Bank for Hinoki. The note bears interest at 3.11% and matures January, 2024.	—	5,000,000	—	5,000,000	—
Total notes payable	101,250,192	5,000,000	1,338,795	104,911,397	1,486,196
Bonds payable for Gamelin and Genesee commercial condo units. The bonds mature in 2035 and bear interest at 4.3%. The bonds are to be repaid with revenues from the properties and are further secured by a pledge of general revenue of the Authority.	2,540,000	—	140,000	2,400,000	145,000
Variable rate bonds subject to remarketing for Douglas Apartments rehabilitation project and mature in June 2040. The interest rate is reset every Wednesday with remarketing agent and was 0.19% on December 31, 2014 The bonds are secured by a letter of credit with Key Bank.	1,600,000	—	100,000	1,500,000	60,000

	Balance January 1, 2022	Additions	Retirements	Balance December 31, 2022	Due within one year
Fixed rate bonds for Replacement housing properties, Montridge Arms, Main Street Apts and Yesler Court. Interest rates range from 0.7%-5.6%. Bonds mature September 2043 and are secured by a deed of trust on the properties.	$ 10,145,000	—	90,000	10,055,000	—
Fixed rate bonds for Market Terrace, Mary Avenue town-homes, Bayview Tower, Lake City Commons, Villa Park, Telemark Apartments, Main Place II, Place II, Delridge Triplexes, 5983 Rainier Ave, 924 MLK Way and Baldwin Apartments. Bonds mature December 1, 2044 and are secured by a deed of trust on the properties. Rates range from 0.25 to 3.50%.	11,700,000	—	305,000	11,395,000	315,000
Fixed rate bonds payable for the rehabilitation of Rainier Vista Phase I, NewHolly Phases II and III, and Wedgewood Estates. The bonds bear interest at 3.57% and mature February, 2047.	32,375,000	—	860,000	31,515,000	860,000
Fixed rate bonds payable for Northgate Apartments secured by a deed of trust on the property. Bonds bear interest at 1.0% and mature June, 2026.	67,600,000	—	—	67,600,000	—
Total bonds payable	125,960,000	—	1,495,000	124,465,000	1,380,000
Leases payable	2,477,940	19,570	1,868,044	629,466	520,527
Accrued compensated absences	4,061,034	4,863,642	3,665,092	5,259,584	774,920
Total long-term obligations	$ 233,749,166	9,883,212	8,366,931	235,265,447	4,161,643

For variable rate bonds, the Authority estimated interest payments based on the interest rates in effect at the end of the fiscal year and principal payments based on the maturity date on the bond indentures assuming the bonds will not be called before the maturity dates.

The following is a summary of debt service requirements of the Authority for long-term obligations as of December 31, 2022:

	Bonds	Notes	Total Principal	Total Interest
2023	$ 4,440,518	3,512,997	2,866,196	5,087,319
2024	4,640,504	8,513,563	8,167,347	4,986,720
2025	4,690,807	19,630,860	18,144,875	6,176,792
2026	71,950,173	3,513,425	71,032,766	4,430,832
2027	3,995,158	3,513,357	3,532,765	3,975,750
2028–2032	19,765,399	17,864,487	19,400,426	18,229,460
2033–2037	19,479,387	20,078,665	24,917,945	14,640,107
2038–2042	18,423,968	24,301,263	33,223,882	9,501,349
2043–2047	12,995,151	20,954,525	28,993,537	4,956,139
2048–2052	—	10,485,980	9,641,590	844,390
2053–2057	—	5,331,502	4,355,858	975,644
2058–2062	—	3,961,696	3,769,124	192,572
2063–2067	—	1,352,009	1,330,086	21,923
Total requirements	$ 160,381,065	143,014,329	229,376,397	74,018,997

There are several limitations and restrictions contained in the various debt instruments primarily requiring the Authority to maintain certain levels of low-income tenants. Authority management believes that it is in compliance with all significant limitations and restrictions. As of December 31, 2022, Authority management also believes that all bond issues met debt coverage ratio requirements.

Bond discounts are reported as a reduction in the carrying amount of the related debt and the amortization is reported as an interest expense. The table below shows the details of those amounts.

	Notes payable	Bonds payable	Total
Amount of debt	$ 104,911,397	124,465,000	229,376,397
Unamortized discount	—	(570,723)	(570,723)
Net debt amount	$ 104,911,397	123,894,277	228,805,674

The Authority leases copy machines and office space and the lease liabilities are recorded under current and noncurrent payables. The lease for the central office is in effect through March 2023, at which time it will continue on a month-to-month basis until the Authority moves to a new location during 2023. The executed lease agreement on the new building carries a term of 15 years from the commencement date. The following is a summary of the Authority's lease payables as of December 31, 2022:

		Principal	Interest	Total
2023	$	520,527	4,204	524,731
2024		62,752	1,743	64,495
2025		44,369	484	44,853
2026		1,818	6	1,824
Total requirements	$	629,466	6,437	635,903

(b) Conduit Debt

The Authority has issued special revenue bonds to provide financial assistance to not-for-profit agencies and private developers for the purpose of constructing low-income housing. The bonds are limited obligation bonds of the Authority and are payable solely from project revenue. These nonrecourse conduit bonds are secured by the property financed and are often collateralized by a letter of credit issued by a major bank. The Authority is not obligated in any manner, and accordingly, the bonds have not been recorded in the accompanying financial statements except for the 15 series of bonds amounting to $214,890,933 that are obligations of the component units of the Authority. The component unit bonds are further backed by the general revenues of the Authority as described in note 16.

As of December 31, 2022, there were 23 series of outstanding special revenue bonds for private nonprofits and private developers. The aggregate principal payable as of December 31, 2022 for the remaining 19 series of bonds totaled $67,149,977.

(c) Component Unit Debt and Other Long-Term Obligations

High Point South has bonds outstanding at December 31, 2022 totaling $12,435,000. The bonds were issued by the Authority on behalf of the component unit and are backed by a deed of trust on High Point South's leasehold interest in the High Point Phase II redevelopment project. The bonds are further secured by a pledge of the Authority's unobligated general revenue. Interest is due monthly at a fixed rate of 3.98% through an interest rate swap agreement, and the variable rate on the bonds was 3.15% as of December 31, 2022. The bonds mature on March 1, 2039.

As of December 31, 2022, High Point South has other long-term debt totaling $15,212,665. Of this amount, $13,212,665 represents the general partner loans made by the Authority and is secured by liens on the partnership's property. These loans accrue noncompounding interest at an annual rate of 1% and mature in fiscal year 2062. Interest-only payments on the loans are due to the general partner from available net cash flows. During the year, interest payments totaling $318,623 were paid to the Authority. The remaining $2,000,000 represents a loan from the State of Washington Housing Trust

Fund. Payments of principal and interest are deferred for 12 years, with interest accruing at 1% per year during the deferral period. Beginning December 31, 2019, quarterly interest payments are due, and beginning December 31, 2029, quarterly payments of principal and interest are required until the final maturity date of September 30, 2059.

Phase I homeWorks has long-term obligations totaling $24,000,000 as of December 31, 2022. Of this amount, $12,000,000 represents a promissory note payable to the Authority and secured by a deed of trust encumbering the partnership's interest in the project. Principal and interest shall be paid from available cash flows at an annual interest rate of 2.75%. The loan matures on January 1, 2046. Phase I homeWorks has another loan from the general partner made by the Authority and secured by the land, buildings, and improvements in the amount of $12,000,000 as of December 31, 2022. Principal and interest shall be paid from available cash flows at an annual interest rate of 2.75%. The loan matures on January 1, 2046.

Phase II homeWorks has long-term obligations totaling $28,051,551 as of December 31, 2022. Of this amount, $12,000,000 represents a promissory note payable to the Authority and secured by a deed of trust encumbering the partnership's interest in the project. Principal and interest shall be paid from available cash flows at an annual interest rate of 3.5%. The loan matures on December 21, 2046. Phase II homeWorks has another loan from the general partner made by the Authority and secured by the land, buildings, and improvements in the amount of $16,051,551 as of December 31, 2022. Principal and interest shall be paid from available cash flows at an annual interest rate of 3.5%. The loan matures on December 21, 2046.

Phase III homeWorks has long-term obligations totaling $20,950,000 as of December 31, 2022. Of this, $9,200,000 represents a promissory note payable to the Authority and secured by a deed of trust encumbering the partnership's interest in the project. Principal and interest shall be paid from available cash flows at an annual interest rate of 4.25%. The loan matures on December 19, 2047. Phase III homeWorks has another loan from the general partner made by the Authority and secured by the land, buildings, and improvements in the amount of $11,750,000 as of December 31, 2022. Principal and interest shall be paid from available cash flows at an annual interest rate of 4.25%. The loan matures on December 19, 2047.

South Shore Court has outstanding long-term obligations in the amount of $7,650,000 as of December 31, 2022. Of this amount, $3,650,000 represents a loan payable to the City that bears interest at 2% per annum and matures June 30, 2060. Also, the partnership has a long-term note payable to the Authority in the amount of $1,500,000, which bears interest at 4.8% annually and matures June 1, 2040. South Shore Court has another note payable to the Washington State Department of Commerce with the face amount of $2,500,000. The note bears no interest and is payable on June 30, 2060.

As of December 31, 2022, Tamarack Place has outstanding long-term obligations in the amount of $11,217,207. Of this amount, $817,207 represents a fixed rate construction loan payable to Washington Community Reinvestment Association (WCRA) at an interest rate of 6.5%. In addition, the Tamarack Place has a loan payable to the Authority in the amount of $10,400,000. The loan bears interest at 1% per annum and is secured by a leasehold deed of trust on the project.

As of December 31, 2022, Lake City Court has outstanding long-term obligations in the amount of $17,588,282. Of this amount, $16,358,505 represents a note payable to the Authority, which bears interest at 0.8% per annum and is secured by a leasehold dead of trust on the project. Lake City Court also has a lease payable to the Authority in the amount $1,229,777, which is payable from available cash flows.

As of December 31, 2022, Rainier Vista NE has outstanding long-term obligations in the amount of $18,530,987. Rainier Vista NE has a fixed rate note payable to U.S. Bank in the amount of $2,193,852, which is secured by a deed of trust on the property and carries an interest rate of 4.8%. The remaining long-term obligation balance consists of two loans payable to the Authority. Loan one bears interest at 1.5% per annum and is secured by a leasehold deed of trust on the project. As of December 31, 2022, $10,000,000 was outstanding. Loan two bears interest at 1.5% per annum and is also secured by a leasehold deed of trust on the project. As of December 31, 2022, $6,337,135 was outstanding.

As of December 31, 2022, Kebero Court has outstanding long-term obligations in the amount of $16,948,233. Of this amount, $6,309,606 represents a permanent, fixed rate loan bearing interest at 5.54% which was converted from a variable rate construction loan in April 2016. The original note amount was $7,050,000 and matures November 8, 2034, when the remaining portion will be paid off. Kebero Court also has a loan payable to the City in the amount of $1,855,000, which bears interest at 1.0% and matures in April 2065. The remaining $8,783,627 represents two notes from the Authority, which bear interest at 3.0% with principal and interest payable annually from the property's cash flow and matures April 2065. The notes are secured by a leasehold deed of trust.

As of December 31, 2022, Leschi House has outstanding long-term obligations in the amount of $7,731,597. Of this amount, $3,025,983 represents fixed bonds bearing interest of 5.13% annually and with a maturity date of August 1, 2045. In addition, Leschi House has a loan payable to the State of Washington Department of Commerce in the amount of $2,499,999. The loan began accruing interest of 1% per annum beginning on May 1, 2015 and matures on April 30, 2065. Leschi House has an additional loan payable to the City of Seattle Office of Housing in the amount of $1,625,000. The loan accrues interest at a rate of 1% per annum and matures on April 30, 2065. Leschi House also has a loan payable to the Authority for $580,615 which bears interest at 1% per annum and matures on April 30, 2065.

As of December 31, 2022, Raven Terrace has outstanding long-term obligations in the amount of $15,090,632. Of this amount $1,300,000 represents a loan from the City with a maximum amount of $1,300,000. The loan accrues interest at 1% annually with no payments due until maturity on December 1, 2065. In addition, the partnership has a fixed rate loan in the amount of $3,597,612. The loan matures December 7, 2046. The remaining $10,193,020 represents two loans from the Authority that mature in May 2069 and bear interest of 2.5%.

As of December 31, 2022, Hoa Mai Gardens has outstanding long-term obligations in the amount of $27,150,005. Of this amount, $10,168,808 represents a fixed rate loan bearing interest at 4.72% with a maturity date in July 2053. Hoa Mai Gardens also has two notes from the Authority. The first note bears interest at 1% and has a term of 50 years that matures in December 2065 and the amount of the note is $6,688,824. The second note bears interest at 1% and carries a term of 50 years with a maximum loan amount of $10,475,000. As of December 31, 2022, $10,292,373 was drawn from that note.

As of December 31, 2022, NewHolly Phase I has outstanding long-term obligations in the amount of $26,704,314. Of this amount, $5,970,000 represents 30-year bonds with rates from 1.15% to 3.55%. In addition, NewHolly has an acquisition loan from the Authority in the amount of $13,034,079 which bears interest at 2.18% compounded annually and matures in 2066. The partnership also has two rehabilitation loans from the Authority which have not yet been fully funded. The first note is not to exceed $3,000,000 and the second note is not to exceed $2,500,000. As of December 31, 2022, $5,198,656 was outstanding on the loans. Both of these loans carry an interest rate of 1% compounded annually and mature in 2066. Lastly, NewHolly Phase I acquired two loans from the Authority when the partnership was closed. One loan is in the amount of $1,700,000 from the Washington State Department of Commerce. The loan matures on December 31, 2040 and does not accrue interest. The remaining note is in the amount of $801,579 from the City. It matures in 2032 and has an interest rate of 1% per annum.

As of December 31, 2022, Red Cedar has outstanding long-term obligations in the amount of $32,900,374. Of this amount $13,512,865 represents the outstanding amount on a fixed interest rate loan bearing 4.56% per annum permanent loan with a maximum of $13,960,000 and a 35-year amortization period. As of December 31, 2022, $3,420,000 was drawn from the City of Seattle Office of Housing loan. The note bears interest at 1% and carries a term of 52 years with a maximum loan amount of $3,420,000. Also, Red Cedar has two loans from the Authority with a maximum loan amount of $17,900,000 maximum note amount from the Authority at an annual interest rate of 1%. As of December 31, 2022, the project had drawn $15,967,509 on this loan. Payments are to be made annually from cash flow and the maturity date is May 1, 2067.

As of December 31, 2022, West Seattle Properties has outstanding long-term obligations in the amount of $34,788,447. Of this amount, $7,585,000 represents 30-year bonds with a rate of 3.6%. In addition, West Seattle Properties has an acquisition loan from the Authority in the amount of $22,305,000. Of this amount, $2,180,000 is payable within 50 years with annual payments of $43,600 in January of each year from cash flow. Any unpaid portion shall be deferred and accrues interest at 2.64% per annum. The remaining $20,125,000 of the acquisition loan bears interest at 2.64%, compounded annually and is also payable in 50 years, maturing December 1, 2067. The partnership also has a rehabilitation loan from the Authority in the amount of $4,898,447 as of December 31, 2022. The loan carries a maximum amount of $5,500,000 and bears interest at a rate of 1.00% per annum and matures December 1, 2067 with payments due annually from available cash flow.

Hinoki has outstanding long-term obligations in the amount of $73,708,604 as of December 31, 2022. Of this amount, $41,300,000 represents the outstanding amount from the Housing Authority of the City of Seattle Revenue Bonds, Series 2020A (Hinoki Apartments Project). The City of Seattle Taxable Revenue Bonds, Series 2020B (Hinoki Apartments Project) amount is $8,525,000. Series 2020A Bonds maturity date is June 1, 2052. Series 2020B bonds maturity date is June 1, 2023 and will be paid in full upon receipt of the limited partners’ equity investment. In addition, Hinoki has a $38,500,000 maximum note amount from the Authority. As of December 31, 2022, the project had drawn $18,883,604 on this loan. The note bears interest at 1.00% and carries a term of 50 years. In addition, Hinoki has a bridge loan payable to the Authority in the amount of $5,000,000 which matures January 1, 2024 and bears interest at 3.11% per annum.

As of December 31, 2022, LamBow has outstanding long-term obligations in the amount of $35,431,999. Of this amount, $20,995,000 represents 30 year bonds, with rates of 1.0% to 4.0%. LamBow has approved a $13,402,663 maximum note amount from the Authority. As of December 31, 2022, the project had drawn $11,286,998 on this loan. The note bears interest at 0.5% and carries a term of 50 years. In addition, LamBow has a loan from City of Seattle for $3,150,000. The maximum loan amount is $3,500,000 which bears interest at the rate of 1.0% and matures in 2073.

As of December 31, 2022, Sawara has outstanding long-term obligations in the amount of $56,022,381. Of this amount, $37,340,000 represents 30 year bonds, with rates of 1.0% to 4.0%. Sawara has approved a $32,000,000 maximum note amount from the Authority. As of December 31, 2022, the project had drawn $15,532,381 on this loan. The note bears interest at 1.0% and carries a term of 50 years. In addition, Sawara has a loan from City of Seattle for $3,150,000. The maximum loan amount is $3,500,000 which bears interest at the rate of 1.0% and matures in 2073.

As of December 31, 2022, Jefferson Terrace has outstanding long-term obligations in the amount of $66,483,431. Of this amount, $41,115,000 represents bonds bearing variable interest rates of 2.37% to 4.3% annually with a maturity date of September 1, 2042. In addition, Jefferson Terrace has an acquisition loan payable to the Authority in the amount of $23,930,000. The loan began accruing interest of 3.35% per annum beginning on August 24, 2022 and matures on August 31, 2072. Jefferson Terrace has also approved a $13,323,258 First Rehabilitation Loan from the Authority which bears interest at 1% per annum and matures on August 31, 2072. As of December 31, 2022, the project had drawn $1,438,431 on this loan. Lastly, Jefferson Terrace has approved a $7,400,000 Second Rehabilitation Loan from the Authority which bears interest at 3.0% and matures on August 31, 2072. As of December 31, 2022, the project had not drawn any funds from the second rehabilitation loan.

The following is a summary of changes in long-term obligations for the component units:

	Balance January 1, 2022	Additions/ transfers	Retirements	Balance December 31, 2022	Due within one year
Loans payable to primary government from High Point South	$ 13,212,665	—	—	13,212,665	—
Loan payable to Washington State Housing Trust fund from High Point South	2,000,000	—	—	2,000,000	—
Loans payable to primary government from homeWorks I	24,000,000	—	—	24,000,000	—
Loans payable to primary government from homeWorks II	28,051,551	—	—	28,051,551	—
Loans payable to primary government from homeWorks III	20,950,000	—	—	20,950,000	—
Loan payable to City of Seattle from South Shore Court	3,650,000	—	—	3,650,000	—
Loan payable to primary government from South Shore Court	1,550,000	—	50,000	1,500,000	60,000
Loan payable to the Department of Commerce from South Shore Court	2,500,000	—	—	2,500,000	—
Loans payable to primary government from Tamarack Place	10,400,000	—	—	10,400,000	—
Loan payable to WCRA from Tamarack Place	839,165	—	21,958	817,207	23,429
Loan payable to primary government from Rainier Vista NE	16,337,135	—	—	16,337,135	—
Loan payable to US Bank for construction of Rainier Vista NE	2,257,007	—	63,155	2,193,852	66,051
Lease payable to primary government from Lake City Court	16,358,505	—	—	16,358,505	—
Lease payable to primary government from Lake City Court	1,229,777	—	—	1,229,777	—
Loan payable to Office of Housing from Leschi House	1,625,000	—	—	1,625,000	—
Loan payable to Washington State Housing Trust fund from Leschi House	2,499,999	—	—	2,499,999	—

	Balance January 1, 2022	Additions/ transfers	Retirements	Balance December 31, 2022	Due within one year
Loan payable to primary government from Leschi House	$ 628,250	—	47,635	580,615	—
Loan payable to Chase Bank from Kebero Court	6,438,095	—	128,489	6,309,606	135,895
Loan payable to primary government from Kebero Court	8,783,627	—	—	8,783,627	—
Loan payable to City of Seattle from Kebero Court	1,855,000	—	—	1,855,000	—
Loan payable to primary government from Raven Terrace	10,193,020	—	—	10,193,020	—
Loan payable to City of Seattle from Raven Terrace	1,300,000	—	—	1,300,000	—
Loan payable to Chase Bank from Raven Terrace	3,671,776	—	74,164	3,597,612	78,076
Construction loan from Hoa Mai Gardens	10,311,965	—	143,157	10,168,808	150,160
Loan payable to primary government from Hoa Mai Gardens	16,981,197	—	—	16,981,197	—
Loan payable to Chase Bank from Red Cedar	13,682,890	—	170,025	13,512,865	178,055
Loan payable to primary government from Red Cedar	15,967,509	—	—	15,967,509	—
Loan payable to City of Seattle from Red Cedar	3,370,000	50,000	—	3,420,000	—
Loan payable to WA State Housing Trust fund from NewHolly Phase I	1,700,000	—	—	1,700,000	—
Loan payable to City of Seattle from NewHolly Phase I	801,579	—	—	801,579	—
Loan payable to primary government from NewHolly Phase I	18,232,735	—	—	18,232,735	—
Loan payable to primary government from West Seattle properties	25,023,447	—	—	25,023,447	—
Lease payable to primary government from West Seattle properties	2,180,000	—	—	2,180,000	43,600
Loan payable to primary government from Hinoki	23,882,604	1,000	5,000,000	18,883,604	—
Loan payable to primary government from Hinoki	—	5,000,000	—	5,000,000	—
Loan payable to primary government from LamBow	889,241	8,922,757	—	9,811,998	—

(Continued)

	Balance January 1, 2022	Additions/ transfers	Retirements	Balance December 31, 2022	Due within one year
Loan payable to primary government from LamBow	$ —	1,475,000	—	1,475,000	—
Loan payable to City of Seattle from LamBow	3,150,000	—	—	3,150,000	—
Loan payable to primary government from Sawara	1,351,523	14,180,858	—	15,532,381	—
Loan payable to City of Seattle from Sawara	3,150,000	—	—	3,150,000	—
Loan payable to primary government from Jefferson Terrace	—	23,930,000	—	23,930,000	—
Loan payable to primary government from Jefferson Terrace	—	1,438,431	—	1,438,431	—
Total notes	321,005,262	54,998,046	5,698,583	370,304,725	735,266
Bonds payable:					
High Point South	12,855,000	—	420,000	12,435,000	420,000
Leschi House	3,092,802	—	66,819	3,025,983	70,328
New Holly Phase I	6,140,000	—	170,000	5,970,000	175,000
West Seattle Properties	7,800,000	—	215,000	7,585,000	200,000
Hinoki	49,825,000	—	—	49,825,000	27,265,000
LamBow	20,995,000	—	—	20,995,000	—
Sawara	37,340,000	—	—	37,340,000	—
Jefferson Terrace	—	41,115,000	—	41,115,000	—
Total bonds	138,047,802	41,115,000	871,819	178,290,983	28,130,328
Total long-term debt	$ 459,053,064	96,113,046	6,570,402	548,595,708	28,865,594

(Continued)

Debt service requirements of long-term obligations of the component units as of December 31, 2022 are as follows:

	Bonds	Notes	Total Principal	Total Interest
2023	$ 32,829,031	7,883,564	28,865,594	11,847,001
2024	14,179,025	12,738,544	15,646,968	11,270,601
2025	52,832,764	7,749,312	49,529,787	11,052,289
2026	4,901,009	7,770,375	2,809,930	9,861,454
2027	4,953,398	7,781,740	2,952,166	9,782,972
2028–2032	24,946,597	40,321,706	18,083,718	47,184,585
2033–2037	25,579,811	39,413,672	20,038,199	44,955,284
2038–2042	36,786,548	48,193,001	45,639,652	39,339,897
2043–2047	15,932,884	104,656,903	90,070,813	30,518,974
2048–2052	16,343,801	29,309,844	27,621,682	18,031,963
2053–2057	10,355,237	16,560,722	11,250,041	15,665,918
2058–2062	—	51,493,821	36,497,753	14,996,068
2063–2067	—	132,658,520	122,217,991	10,440,529
2068–2072	—	73,087,966	71,071,414	2,016,552
2073–2077	—	6,439,125	6,300,000	139,125
Total requirements	$ 239,640,105	586,058,815	548,595,708	277,103,212

Debt issuance costs and discounts for the component units are reported as a reduction in the carrying amount of the related debt rather than an asset while bond premiums increase the carrying amount of the debt. Amortization of the debt issuance costs is reported as interest expense rather than as amortization expense. The table below shows the detail of those amounts.

	Notes payable to primary government	Notes payable	Bonds payable	Total
Amount of debt	$ 306,053,197	64,251,528	178,290,983	548,595,708
Unamortized premium	—	—	2,851,410	2,851,410
Unamortized discount	—	—	(77,625)	(77,625)
Unamortized debt issuance costs	(1,046,129)	(231,057)	(1,240,802)	(2,517,988)
Net debt amount	$ 305,007,068	64,020,471	179,823,966	548,851,505

(9) Deferred Outflows and Deferred Inflows of Resources

The composition of deferred outflows and deferred inflows of resources at December 31, 2022 are summarized as follows:

		Pensions	OPEB	Leases	Total
Deferred outflows of resources	$	14,747,023	184,431	—	14,931,454
Deferred inflows of resources		14,599,208	993,419	112,384,113	127,976,740

(10) Pension Plans

Substantially all of the Authority's full-time and qualifying part-time employees participate in PERS, a defined benefit, cost-sharing, multiple-employer public employee retirement system. PERS issues publicly available reports which can be obtained from the Washington State Department of Retirement Systems' (DRS) website at www.drs.wa.gov or at 402 Legion Way, Olympia, WA 98504.

(a) Aggregated Balances

The Authority's aggregated balances of net pension liability, net pension assets and deferred inflows and outflows of resources as of December 31, 2022 are presented in the table below.

		Net pension asset (liability)	Deferred outflows	Deferred inflows
PERS 1	$	(8,130,827)	982,688	1,347,517
PERS 2/3		14,113,359	13,764,335	13,251,691
Total	$	5,982,532	14,747,023	14,599,208

(b) Plan Description

The State legislature established PERS in 1947 under RCW Chapter 41.40. Membership in the system includes: elected officials; State employees; employees of the Supreme, Appeals, and Superior courts (other than judges); employees of legislative committees; college and university employees not in national higher education retirement programs; judges of district and municipal courts; noncertificated employees of school districts; and employees of local government. Approximately 50% of PERS members are State employees. PERS contains separate pension plans for membership purposes. PERS Plan 1 and PERS Plan 2 are defined benefit plans, and PERS Plan 3 is a defined benefit plan with a defined contribution component.

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

PERS Plan 1 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-paid 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 Washington State 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. All of the Authority's members under PERS 1 have retired and are no longer contributing to the plan.

PERS Plan 2/3 provides retirement, disability and death benefits. Retirement benefits are determined as two percent of the member's AFC times the member's years of service for Plan 2 and one percent of AFC for Plan 3. The AFC is the average of the member's 60 highest-paid consecutive service months. Members are eligible for retirement with a full benefit at age 65 with at least five years of service credits. Retirement before age 65 is considered an early retirement. PERS Plan 2/3 members who have at least 20 service credits 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 credits 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 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 Consumer Price Index), capped at three percent annually and a one-time duty related death benefit, if found eligible by the Washington State 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 five 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.

(c) Pension Plan Fiduciary Net Position

The pension plans' fiduciary net positions have been determined on the same basis used by the pension plans. DRS financial statements have been prepared in conformity with GAAP. The retirement plans are accounted for as pension trust funds using the flow of economic resources measurement focus and the accrual basis of accounting. Plan member contributions are recognized as revenues in the period in which the contributions are earned. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan.

The Washington State Investment Board (WSIB) has been authorized by statute (chapter 43.33A of the RCW) as having the investment responsibility for the pension funds. Investments are reported at fair value, and unrealized gains and losses are included as investment income in the statement of changes in fiduciary net position presented in the DRS ACFR. Purchases and sales of investments are recorded on a trade-date basis.

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

(d) Contributions

Each biennium, the legislature establishes Plan 1 and Plan 3 employer contribution rates and Plan 2 employer and employee contribution rates. Employee contribution rates for Plan 1 are established by legislative statute and do not vary from year to year. Employer rates for Plan 1 are not necessarily adequate to fully fund the system. The employer and employee contribution rates for Plan 2 and for Plan 3 are developed by the Office of the State Actuary to fully fund the system. The Plan 2/3 employer rates include an administrative expense that is currently at 0.18% and a component to address the PERS Plan 1 unfunded actuarial accrued liability as provided for in chapter 41.45 of the RCW. The methods used to determine the contribution requirements were established under State statute. All employers are required to contribute at the level established by the legislature and the Office of the State Actuary.

The actual contribution rates for the employers and employees were changed during the year. Effective September 1, 2022, employer rates were increased from 10.25% to 10.39% for all plans. Contribution rates for employees in Plan 2 remained at 6.36% throughout the year.

The Authority's employer and employee contribution rates as a percentage of covered payroll and required contributions for employees covered by PERS as of December 31, 2022 were:

	PERS Plan 1 required	PERS Plan 2 required	PERS Plan 3 required
Employer	10.39%	10.39%	10.39%
Employee	6.00	6.36	varies

	PERS Plan 1 required	PERS Plan 2 required	PERS Plan 3 required
Employer	$ —	3,899,695	1,266,090
Employee	—	2,407,288	818,681
	$ —	6,306,983	2,084,771

(e) *Actuarial Assumptions*

The total pension liability for each of the plans was determined by an actuarial valuation as of June 30, 2021, with the results rolled forward to the June 30, 2022 measurement date. The following actuarial assumptions have been applied to all prior periods included in the measurement:

Valuation method	Entry age normal actuarial cost method
Inflation	2.75 percent total economic inflation, 3.25 percent salary inflation
Salary increases	In addition to the base 3.25 percent salary inflation assumptions, salaries are also expected to grow by promotions and longevity
Investment rate of return	7.00 percent

Mortality rates were developed using the Society of Actuaries' Pub.H-2010 Mortality rates, which vary by member status (that is active, retiree, or survivor), as the base table. The Washington State Office of the State Actuary (OSA) applied age offsets for each system, as appropriate, to better tailor the mortality rates to the demographics of each plan. OSA applied the long-term MP-2017 generational improvement scale, also developed by the Society of Actuaries, to project mortality rates for every year after the 2010 base table. Under generational mortality, a member is assumed to receive additional mortality improvements in each future year throughout their lifetime.

The total pension liability was determined using the most recent actuarial valuation completed in 2022 with the valuation date of June 30, 2021.

The actuarial assumptions used in the June 30, 2021 valuation report were based on the results of OSA's 2013–2018 Experience Study Report and the 2021 Economic Experience Study. Additional assumptions for subsequent events and law changes are current as of the 2021 actuarial valuation report.

(Continued)

(f) Discount Rate

The discount rate used to measure the total pension liability was 7.00 percent for all the plans. To determine that rate, an asset sufficiency test was completed to test whether each pension plan's fiduciary net assets was sufficient to make all projected future benefit payments of current plan members. Consistent with current law, the completed asset sufficiency tests for PERS included an assumed 7.00 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 7.00 percent future investment rate of return on invested assets was assumed for the test. Contributions from plan members and employers are assumed to continue to be made at the contractually required rates which includes the component of PERS 2/3 pertaining to the unfunded actuarial accrued liability for PERS 1, as provided for in chapter 41.45 of the RCW.

Based on those assumptions, the pension plan's 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 7.00 percent on pension plan investments was applied to determine the total pension liability.

(g) Sensitivity of the Net Pension Asset (Liability) to Changes in the Discount Rate

The table below presents the Authority's net pension asset (liability) calculated using the discount rate of 7.00 percent as well as what the net pension asset (liability)would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent) or one percentage point higher (8.00 percent) than the current rate.

Plan		1% decrease	Current discount rate	1% increase
PERS 1	$	(10,862,670)	(8,130,827)	(5,746,565)
PERS 2/3		(16,620,326)	14,113,358	39,363,023
Total	$	(27,482,996)	5,982,531	33,616,458

(h) Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined by the WSIB using a building-block method in which the best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset class	Target allocation	Long-term expected real rate of return
Fixed income	20.00 %	1.50 %
Tangible assets	7.00 %	4.70 %
Real estate	18.00 %	5.40 %
Global equity	32.00 %	5.90 %
Private equity	23.00 %	8.90 %

The inflation component used to create the table is 2.20% and represents WSIB's most recent long-term estimate of broad economic inflation.

(i) Proportionate Share

Collective pension amounts are determined as of a measurement date which can be no earlier than an employer's prior fiscal year. The measurement date for the net pension liabilities recorded by the Authority as of December 31, 2022 was June 30, 2022, the Plan's fiscal year end. The Authority's contributions received and processed by DRS during DRS' fiscal year ended June 30, 2022 have been used as the basis for determining the Authority's proportionate share of the collective pension amounts reported by DRS in their June 30, 2022 Schedules of Employer and Nonemployer Allocations for PERS Plans 1, 2 and 3. The proportionate share for the years ended December 31, 2022 and 2021 was 0.292 percent and 0.296 percent for Plan 1, respectively, and 0.381 percent and 0.380 percent for Plan 2/3, respectively.

(j) Pension Income and Deferred Outflows and Inflows of Resources

For the year ended December 31, 2022, the amount of pension expense recognized by the Authority was $3,731,320 for PERS 1 and the amount of pension income recognized was $4,637,960 for PERS 2/3. The aggregate amount of income for both plans was $906,640 and is reported on the statement of revenues, expenses and changes in net position as a reduction of housing operations and administration expenses. Contributions made after the measurement date of June 30, 2022, but before the end of 2022 will be recognized as a reduction of the net pension liability during 2023.

The Authority's deferred outflows of resources and deferred inflows of resources pertaining to PERS as of December 31, 2022 are presented in the following table:

Plan	Description	Deferred outflows of resources	Deferred inflows of resources
PERS 1	Difference between projected and actual earnings on plan investments, net	$ —	(1,347,517)
PERS 1	Contributions subsequent to the measurement date of the collective net pension liability	982,688	—
PERS 2/3	Difference between projected and actual earnings on plan investments, net	—	(10,434,110)
PERS 2/3	Contributions subsequent to the measurement date of the collective net pension liability*	1,643,625	—
PERS 2/3	Difference between expected and actual experience	3,496,960	(319,490)
PERS 2/3	Change in proportionate share	757,501	(438,425)
PERS 2/3	Change of assumptions	7,866,249	(2,059,666)
	Total	**$** 14,747,023	(14,599,208)

* PERS 2/3 employer rates include a component to address the PERS 1 Unfunded Actuarial Accrued Liability (UAAL). Those contributions for PERS 2/3 related to the UAAL have been reflected as PERS 1 contributions subsequent to the measurement date of the collective net pension liability above.

Contributions made after the measurement date of the net pension (liability) asset but before the end of the Authority's reporting period will be recognized as a reduction of the net pension liability in the subsequent fiscal period rant than in the current fiscal period. Deferred outflows of resources related to the Authority's contributions subsequent to the measurement date of $2,626,313 will be recognized as a reduction of the net pension liability as of December 31, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

		PERS 1	PERS 2/3	All Plans
Year:				
2023	$	(570,241)	(3,114,088)	(3,684,329)
2024		(517,926)	(2,782,336)	(3,300,262)
2025		(649,723)	(3,421,462)	(4,071,185)
2026		390,373	4,875,178	5,265,551
2027		—	1,660,558	1,660,558
Thereafter		—	1,651,169	1,651,169
Total	$	(1,347,517)	(1,130,981)	(2,478,498)

(11) Deferred Compensation Plan

The Authority, in conjunction with the State, offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan is managed by DRS. In June 1998, the State Deferred Compensation Program plan assets were placed into trust for the exclusive benefit of participants and their beneficiaries. Pursuant to GASB Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, since the Authority is not the owner of these assets, the plan assets and liabilities are not reported as part of the Authority.

(12) Other Postemployment Benefits (OPEB)

(a) Plan Description and Funding Policy

The Authority participates in the City Health Care Blended Premium Subsidy, a single employer postemployment healthcare plan administered by the City. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, as this is an unfunded plan. Employees who retire from the Authority and spouses of employees who have passed away may continue medical coverage until age 65. Eligible retirees self-pay 100% of the premium based on blended rates, which were established by including the experience of retirees with the experience of active employees for underwriting purposes. Retirees age 65 or older may also enroll in Medicare supplemental programs. The Authority’s employees are included with the City of Seattle for this plan.

Contributions made after the measurement date of January 1, 2022, but before December 31, 2022 will be recognized as a reduction of the OPEB liability in the subsequent fiscal year rather than in the current period.

The postemployment benefit provisions are established and may be amended by City ordinances.

At January 1, 2021, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	6
Active employees	734
Total	740

(b) *Total OPEB Liability*

The total OPEB liability of $1,282,527 as of December 31, 2022 was measured as of January 1, 2022 and was determined by an actuarial valuation as of that date. The following is a schedule of changes in the total OPEB liability for the year ended December 31, 2022:

Beginning balance as of December 31, 2021 using a measurement date of January 1, 2021	$	1,716,617
Service cost		172,939
Interest on total OPEB liability		39,451
Change of assumptions		(138,887)
Differences between expected and actual experience		(450,023)
Benefit payments		(57,570)
Ending balance as of December 31, 2022 using a measurement date of January 1, 2022	$	1,282,527

(c) *Actuarial Methods, Assumptions, and Other Inputs*

Projections of benefits are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits in force at the time of the valuation and the pattern of sharing of benefit costs between the employer and plan members to that point.

In the January 1, 2022 actuarial valuation, the actuarial methods, assumptions, and other inputs were as follows:

Participation	Based on review of recent experience, 25% of active employees who retire are assumed to participate.
Mortality	Mortality assumptions are derived from the Pub G-2010 EmployeeTable, adjusted by 95% for retirees and 95% for active employees.

Dependent coverage	Based on review of recent experience, 25% of members electing coverage are assumed to be married or to have a registered domestic partner and to cover their spouse in retirement. It is assumed that children will have aged off of coverage.
Service retirement, disability rates and termination rates	Based on the Seattle City Employees' Retirement System 2018–2021 investigation of experience report.
Health care cost trend rate	Initial rate of 6.53% reaching the ultimate rate of 4.5% in 2032.
Valuation method	Entry age normal actuarial cost method. The total liability for all benefits is the Present Value of Total Benefits (PVB). Under the Entry Age Normal method, the Actuarial Accrued Liability (AAL) for active members is calculated as the portion of the PVB allocated to prior fiscal years. The cost allocated to the current fiscal year is called normal cost. For members currently receiving benefits, members beyond age 65, and members entitled to deferred benefits, the AAL is equal to the present value of the benefits expected to be paid; there is no normal cost for these participants. This method allocates the liability as a level percentage of payroll over past and future service. Under this method, projected benefits are determined for all members and the associated liabilities are spread over employment history from the age of hire to assumed retirement age. The normal cost is intended to remain at or near a level percentage over time.
Discount rate	As the plan is unfunded, the discount rate is based entirely on the Bond Buyer municipal bond index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. Using this Index, a discount rate of 2.06% was used for the January 1, 2022 measurement date and a discount rate of 2.12% was used for the January 1, 2021 measurement date, the date of implementation of GASB Statement No. 75.

Material assumption changes during the measurement period include updating the discount rate as of each measurement date, as required by GASB Statement No. 75. The discount rate used for the beginning total OPEB liability was 2.12% and the discount rate used for the ending total OPEB liability was 2.06%.

(d) OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended December 31, 2022, the Authority recognized OPEB income of $1,517 and is reported on the statement of revenues, expenses and change in net position as a component of housing operations and administrative expenses. The tables below summarize the Authority's deferred outflows of resources and deferred inflows of resources related to the OPEB plan, together with the related future year impacts to OPEB expense from amortization of those deferred amounts. Note that deferred outflows of resources related to the Authority's contributions subsequent to the measurement date are recognized as a reduction of the total OPEB liability in the following year and are not amortized to OPEB expense.

Deferred outflows of resources and deferred inflows of resources:

		Deferred outflows	Deferred inflows
Difference between expected and actual experience	$	84,668	(472,729)
Changes of assumptions		65,492	(520,690)
Subtotal		150,160	(993,419)
Contributions made in year ending December 31, 2022 after the measurement date		34,271	—
Total	$	184,431	(993,419)

Amortization of deferred outflows and deferred inflows of resources:

Year ending December 31		
2023	$	(156,337)
2024		(156,337)
2025		(155,838)
2026		(106,852)
2027		(99,226)
Thereafter		(168,669)
Total	$	(843,259)

(e) *Sensitivity of the OPEB Liability to Changes in the Discount Rate*

The following table presents the Authority's total OPEB liability calculated using the discount rate of 2.06 percent as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.06 percent) or one percentage point higher (3.06 percent) than the current rate.

		1% decrease	Current discount rate	1% increase
Total OPEB liability	$	1,402,449	1,282,527	1,173,716

(f) Sensitivity of the OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following table presents the Authority's total OPEB liability calculated using an initial healthcare cost trend rate of 6.53 percent that decreases to the ultimate rate of 4.5 percent in 2032, as well as what the Authority's total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (5.53 percent decreasing to 3.5 percent) or one percentage point higher (7.53 percent decreasing to 5.5 percent) than the current healthcare cost trend rates:

	1% decrease	Current Healthcare Cost Trend Rates	1% increase
Total OPEB liability	$ 1,124,532	1,282,527	1,472,875

(13) Risk Management

The Authority maintains insurance against property, liability and regulatory compliance hazards. Property insurance coverage is limited to $150 million per claim, with a deductible of $50,000. Coverage is provided on a blanket basis for buildings, business personal property and business income. Earthquake insurance coverage is $5 million per occurrence, with a deductible of $50,000 per occurrence. The Authority participates in the Housing Authority Risk Retention Group (HARRG) for its general and automobile liability insurance coverage. General liability coverage provided is $15 million per occurrence, with a deductible of $25,000 per occurrence. Auto liability insurance is $12.5 million per occurrence with no deductible. The Authority also maintains a number of other insurance policies to address risks arising from the course of business, including employee fidelity, public official liability and cyber liability insurance. Claim settlements have not exceeded insurance coverage limits, either on a per claim or on an aggregate basis, for each year of the past three fiscal years.

The Authority’s economic risk as a participant in HARRG is limited to the Authority’s initial surplus contribution of $90,000 and plus the payment of annual premiums for its general and automobile liability insurance coverage. Although the underwriting experience of HARRG may result in increased annual premium charges and/or assessments against each participant’s surplus contribution account, the Authority’s exposure to any net loss allocation is restricted to its surplus contribution account balance.

The Authority has elected to pay for its employment security coverage via quarterly reimbursements to the Washington State Department of Employment Security. This reimbursable method of payment is in lieu of unemployment taxes and the election is authorized for all political subdivisions under Washington State Law (RCW 50.44.060). The Authority is insured by the Washington State Industrial Insurance Fund for workers’ compensation and pays premiums via quarterly reports to the Washington State Department of Labor & Industries.

(14) Contingencies

In connection with various federal and state grant programs, the Authority is obligated to administer related programs and spend the grant monies in accordance with regulatory restrictions and is subject to audit by the grantor agencies. In cases of noncompliance, the agencies involved may require the Authority to refund program monies. The amount, if any, of expenses, which may be disallowed by the grantor, cannot be determined at this time although the Authority expects such amount, if any, to be immaterial.

As of December 31, 2022, the Authority and its component units have outstanding construction contracts and other commitments totaling approximately $97.2 million. These commitments are primarily related to the implementation of redevelopment activities and capital projects funded by federal, state, and local financial assistance, tax-exempt bonds, and tax credit equity contributions.

The Authority is also contingently liable in connection with claims and contracts arising in the normal course of its activities. Authority management is of the opinion that the outcome of such matters will not have a material effect on the accompanying financial statements.

(15) General Revenue Pledge

The Authority issues certain bonds and short-term borrowings that are backed by the general revenues of the Authority. The Authority also backs certain bonds issued by its discretely presented component units. For some borrowings, revenues from the properties are intended to be the primary source of repayment and the revenues of the Authority would be used only if those revenues are not sufficient to cover the required payments. As of December 31, 2022, the amount of available general revenue was $257.2 million and the total pledged revenues are as follows:

Description of debt	Purpose of debt	Year issued	Total future revenues pledged	Proportion of annual debt service pledged to 2022 general revenue	Term of commitment	Annual debt service
Obligations of the Authority						
Restricted investments are primary repayment source						
Fixed Rate bonds	2013 Refunding for Montridge Arms, Main Street Apartments, 2002 Replacement Housing projects, Yesler Court properties	2013	$ 18,072,562	0.23%	2043	$ 564,813
Fixed Rate bonds	2014 Refunding for Market Terrace, Mary Avenue Townhomes, Bayview Tower, Lake City Commons, Villa Park, Telemark Apartments, Main Place II, Delridge Triplexes, 5983 Rainier Ave, 924 MLK Way and Baldwin Apartments	2014	18,906,712	0.33	2044	859,900
Project revenues are primary repayment source:						
Fixed Rate taxable	Refunding of bonds for Gamelin/Genesee mixed use buildings	2015	3,226,999	0.10	2035	249,388
Fixed Rate bonds	2018 Refunding for NewHolly Phase II and III, Rainier Vista Phase I and Wedgewood Estates	2018	48,007,312	0.77	2048	1,942,917
Fixed Rate bonds	Purchase of Northgate Apartments	2021	69,966,000	0.27	2026	676,000
Fixed Rate note	2020 Refunding	2020	90,756,923	1.28	2029	3,262,391
General revenues are primary repayment source:						
Variable Rate bonds	Rehabilitation of Douglas Apartments	2009	2,371,210	0.07	2040	127,500

Description of debt	Purpose of debt	Year issued	Total future revenues pledged	Proportion of annual debt service pledged to 2022 general revenue	Term of commitment	Annual debt service
Obligations of the Authority for component units						
Project revenues are primary repayment source:						
Fixed Rate bonds for component unit	Construction of housing units at High Point redevelopment, Phase II	2007	$ 16,985,000	0.27 %	2039	$ 700,000
Fixed Rate bonds for component unit	Construction of housing units at Kebero Court	2013	11,318,623	0.19	2045	486,823
Fixed Rate note for component unit	Construction of housing units at Raven Terrace	2015	6,276,933	0.10	2046	261,539
Fixed Rate note for component unit	Construction of housing units at Hoa Mai Gardens	2016	19,404,571	0.25	2038	633,511
Fixed Rate bonds for component unit	Rehabilitation of houring units at New Holly Phase I	2016	8,674,893	0.14	2046	360,836
Fixed Rate bonds for component unit	Rehabilitation of houring units at Longfellow Creek, Roxhill Court and Wisteria Court	2017	11,763,237	0.18	2047	469,390
Fixed Rate loan for component unit	Construction of housing units at Red Cedar	2018	22,152,342	0.31	2038	799,036
Fixed Rate loan for component unit	Construction of housing units at Hinoki	2020	36,487,387	0.38	2052	973,875
Fixed Rate loan for component unit	Construction of housing units at LamBow	2021	19,645,414	0.13	2051	322,563
Fixed Rate loan for component unit	Construction of housing units at Sawara	2021	26,261,400	0.18	2051	461,600
Fixed Rate loan for component unit	Construction of housing units at Jefferson Terrace	2022	27,791,464	0.26	2042	656,731
Equity investments are primary repayment source:						
Fixed Rate loan for component unit	Construction of housing units at Hinoki	2020	27,418,450	10.62	2023	27,316,150
Fixed Rate loan for component unit	Construction of housing units at LamBow	2021	8,730,688	0.04	2024	107,125
Fixed Rate loan for component unit	Construction of housing units at Sawara	2021	22,268,125	0.09	2025	217,250
Fixed Rate loan for component unit	Construction of housing units at Jefferson Terrace	2022	28,548,800	0.40	2025	1,019,600
Total General Revenue Pledge and annual debt service			$ 545,035,045			$ 42,468,938

(16) Blended Component Units Condensed Financial Information

Condensed combining statements for the Authority and its blended component units as of December 31, 2022 are shown below:

		Condensed combining statements			
		Combined entities	Eliminations	Housing authority	Total blended component units
Current assets, net	$	265,045,870	(2,935,517)	262,243,657	5,737,730
Noncurrent cash and investments		181,579,283	—	181,579,283	—
Capital assets, net		507,515,294	—	506,526,872	988,422
Other noncurrent assets		346,527,570	(98,037,576)	346,527,570	98,037,576
Total assets		1,300,668,017	(100,973,093)	1,296,877,382	104,763,728
Deferred outflows of resources		14,931,454	—	14,931,454	—
Total assets and deferred outflows for resources	$	1,315,599,471	(100,973,093)	1,311,808,836	104,763,728
Current liabilities	$	40,549,435	(332,749)	34,962,338	5,919,846
Noncurrent liabilities		240,350,160	—	240,330,471	19,689
Total liabilities		280,899,595	(332,749)	275,292,809	5,939,535
Deferred inflows of resources		127,976,740	—	127,976,740	—
Net position:					
Net investment in capital assets		289,599,212	—	288,610,790	988,422
Restricted net position		200,221,934	(100,640,344)	197,575,727	103,286,551
Unrestricted net position		416,901,990	—	422,352,770	(5,450,780)
Total net position		906,723,136	(100,640,344)	908,539,287	98,824,193
Total liabilities, net position and deferred inflows of resources	$	1,315,599,471	(100,973,093)	1,311,808,836	104,763,728
		Condensed statements of revenues, expenses and changes in net position			
Operating revenues	$	345,869,868	—	341,636,811	4,233,057
Operating expenses		(279,992,900)	2,602,768	(277,482,907)	(5,112,761)
Operating income		65,876,968	2,602,768	64,153,904	(879,704)
Nonoperating income (expense)		7,861,387	—	13,064,513	(5,203,126)
Transfers in (out)		—	—	1,279,512	(1,279,512)
Change in net position before contributions		73,738,355	2,602,768	78,497,929	(7,362,342)
Capital contributions		14,011,535	—	14,011,535	—
Beginning net position		818,973,246	(103,243,112)	816,029,823	106,186,535
Ending net position	$	906,723,136	(100,640,344)	908,539,287	98,824,193

Eliminations include the transactions related to the long-term lease of the 228 scattered site units that the Authority has with the S.P.A.C.E. Foundation beginning in September 2021. The 40-year lease was recorded as $104,110,700 as an in-kind contribution receivable valued at the tax assessed value of the land and improvements as of the date of the lease on S.P.A.C.E. and noncurrent payable on the Authority. The assets and liabilities related to the lease are eliminated when the entities are combined. Other eliminations include net operating income for S.P.A.C.E., which is payable to the Authority each quarter under the terms of the agreement.

(17) Discretely Presented Component Units Condensed Financial Information

The following tables reflect the condensed statements of net position and statements of revenues, expenses, and changes in net position for the discretely presented component units as of and for the year ended December 31, 2022:

		Condensed statements of net position			
		Tamarack Place	Rainier Vista NE	High Point South	South Shore Court
Cash and cash equivalents	$	870,607	1,660,859	1,664,293	534,649
Current receivables from primary government		152,229	194,433	45,207	54,785
Capital assets, net		9,715,932	15,328,694	37,307,315	7,116,335
Other assets		17,000	80,904	204,930	29,272
Total assets	$	10,755,768	17,264,890	39,221,745	7,735,041
Current payables due to primary government	$	3,483	63,476	191,335	66,000
Other current payables		125,854	255,651	1,277,202	1,069,671
Long-term payables to primary government		10,920,369	16,337,135	14,182,028	1,373,322
Bonds and other long-term liabilities		793,806	2,093,625	13,873,915	6,150,000
Total liabilities	$	11,843,512	18,749,887	29,524,480	8,658,993
Net investment in capital assets	$	(1,489,222)	(3,151,343)	9,873,758	(466,987)
Restricted net position		634,950	1,274,564	1,159,853	464,952
Unrestricted net position		(233,472)	391,782	(1,336,346)	(921,917)
Total net position	$	(1,087,744)	(1,484,997)	9,697,265	(923,952)
		Condensed statements of revenues, expenses and changes in net position			
Operating revenues	$	1,062,865	1,654,661	4,052,211	498,542
Depreciation/amortization		(363,725)	(692,748)	(1,621,272)	(254,821)
Other operating expenses		(804,369)	(1,229,625)	(2,576,278)	(499,954)
Operating income (loss)		(105,229)	(267,712)	(145,339)	(256,233)
Nonoperating expense		(158,590)	(355,654)	(69,845)	(155,095)
Change in net position before partners' contributions		(263,819)	(623,366)	(215,184)	(411,328)
Partners' contributions		—	—	—	—
Beginning net position		(823,925)	(861,631)	9,912,449	(512,624)
Ending net position	$	(1,087,744)	(1,484,997)	9,697,265	(923,952)

	Condensed statements of net position				
	homeWorks I	**homeWorks II**	**homeWorks III**	**Lake City Court**	**Leschi House**
Cash and cash equivalents	$ 6,399,305	7,033,526	6,057,284	979,671	509,333
Current receivables from primary government	—	—	—	93,319	—
Capital assets, net	22,999,256	25,543,068	20,971,601	19,146,883	10,442,477
Other assets	72,537	91,741	66,166	90,008	3,176,125
Total assets	$ 29,471,098	32,668,335	27,095,051	20,309,881	14,127,935
Current payables due to primary government	$ 8,596,276	7,490,705	8,510,305	224,645	43,475
Other current payables	651,395	827,963	682,037	109,342	462,602
Long-term payables to primary government	23,681,566	27,764,771	20,669,304	19,351,799	586,620
Bonds and other long-term liabilities	44,486	38,756	39,972	24,150	6,866,568
Total liabilities	$ 32,973,723	36,122,195	29,901,618	19,709,936	7,959,265
Net investment in capital assets	$ (682,310)	(2,221,703)	302,297	1,577,801	2,933,743
Restricted net position	6,221,663	6,858,855	5,907,369	715,675	299,438
Unrestricted net position	(9,041,978)	(8,091,012)	(9,016,233)	(1,693,531)	2,935,489
Total net position	$ (3,502,625)	(3,453,860)	(2,806,567)	599,945	6,168,670
	Condensed statements of revenues, expenses and changes in net position				
Operating revenues	$ 6,666,472	7,279,838	6,370,016	902,028	827,819
Depreciation/amortization	(919,053)	(1,087,171)	(799,208)	(705,902)	(400,304)
Other operating expenses	(5,435,209)	(5,952,703)	(4,982,567)	(782,485)	(494,650)
Operating income (loss)	312,210	239,964	588,241	(586,359)	(67,135)
Nonoperating expense	(661,754)	(982,887)	(892,663)	(186,535)	(210,895)
Change in net position before partners' contributions	(349,544)	(742,923)	(304,422)	(772,894)	(278,030)
Partners' contributions	—	—	—	—	—
Beginning net position	(3,153,081)	(2,710,937)	(2,502,145)	1,372,839	6,446,700
Ending net position	$ (3,502,625)	(3,453,860)	(2,806,567)	599,945	6,168,670

	Condensed statements of net position				
	Kebero Court	**Raven Terrace**	**Hoa Mai Gardens**	**Red Cedar**	**New Holly Phase I**
Cash and cash equivalents	$ 1,326,415	1,056,911	1,887,952	1,604,231	3,761,750
Current receivables from primary government	—	—	—	—	—
Capital assets, net	23,483,229	20,846,432	40,624,753	59,399,392	37,039,868
Other assets	987,282	160,225	244,341	3,613,556	346,229
Total assets	$ 25,796,926	22,063,568	42,757,046	64,617,179	41,147,847
Current payables due to primary government	$ 70,813	129,731	61,987	603,620	1,246,508
Other current payables	428,939	282,337	301,601	548,267	662,620
Long-term payables to primary government	10,745,780	12,486,746	18,398,974	18,976,585	20,063,982
Bonds and other long-term liabilities	7,985,651	4,804,200	9,985,982	16,747,963	8,185,449
Total liabilities	$ 19,231,183	17,703,014	28,748,544	36,876,435	30,158,559
Net investment in capital assets	$ 6,595,904	5,796,288	13,582,284	26,513,729	10,483,041
Restricted net position	982,486	801,960	890,943	567,387	3,468,082
Unrestricted net position	(1,012,647)	(2,237,694)	(464,725)	659,628	(2,961,835)
Total net position	$ 6,565,743	4,360,554	14,008,502	27,740,744	10,989,288
	Condensed statements of revenues, expenses and changes in net position				
Operating revenues	$ 1,429,604	1,026,420	1,642,037	1,909,029	3,324,921
Depreciation/amortization	(818,759)	(835,976)	(1,317,185)	(1,758,095)	(1,835,327)
Other operating expenses	(837,988)	(727,652)	(918,224)	(1,035,112)	(2,597,751)
Operating income (loss)	(227,143)	(537,208)	(593,372)	(884,178)	(1,108,157)
Nonoperating expense	(638,469)	(453,353)	(659,676)	(856,243)	(549,390)
Change in net position before partners' contributions	(865,612)	(990,561)	(1,253,048)	(1,740,421)	(1,657,547)
Partners' contributions	—	—	—	38,950	—
Beginning net position	7,431,355	5,351,115	15,261,550	29,442,215	12,646,835
Ending net position	$ 6,565,743	4,360,554	14,008,502	27,740,744	10,989,288

		Condensed statements of net position			
		West Seattle Properties	Hinoki	LamBow	Sawara
Cash and cash equivalents	$	1,938,723	3,814,593	14,111,255	100
Current receivables from primary government		—	—	—	—
Capital assets, net		47,229,632	82,158,092	31,798,139	21,964,178
Other assets		386,495	595,983	—	37,901,591
Total assets	$	49,554,850	86,568,668	45,909,394	59,865,869
Current payables due to primary government	$	204,569	3,256,863	5,162,108	1,532,743
Other current payables		418,424	31,547,523	2,900,521	1,578,228
Long-term payables to primary government		30,512,856	29,290,117	11,321,165	15,654,833
Bonds and other long-term liabilities		7,124,091	23,338,910	24,216,128	41,049,696
Total liabilities	$	38,259,940	87,433,413	43,599,922	59,815,500
Net investment in capital assets	$	12,705,508	7,689,224	6,329,615	3,283,692
Restricted net position		1,742,509	3,466,283	919,741	—
Unrestricted net position		(3,153,107)	(12,020,252)	(4,939,884)	(3,233,323)
Total net position	$	11,294,910	(864,745)	2,309,472	50,369
		Condensed statements of revenues, expenses and changes in net position			
Operating revenues	$	2,239,695	732,146	58	—
Depreciation/amortization		(1,301,869)	(571,878)	—	—
Other operating expenses		(1,493,935)	(886,999)	—	—
Operating income (loss)		(556,109)	(726,731)	58	—
Nonoperating revenue (expense)		(934,292)	(391,994)	3,038	233
Change in net position before partners’ contributions		(1,490,401)	(1,118,725)	3,096	233
Partners’ contributions		—	203,000	100	—
Beginning net position		12,785,311	50,980	2,306,276	50,136
Ending net position	$	11,294,910	(864,745)	2,309,472	50,369

	Condensed statements of net position	
	Jefferson Terrace	Total
Cash and cash equivalents	$ 48,371	55,259,828
Current receivables from primary government	—	539,973
Capital assets, net	31,546,753	564,662,029
Other assets	43,108,647	91,173,032
Total assets	$ 74,703,771	711,634,862
Current payables due to primary government	$ 4,437,080	41,895,722
Other current payables	2,882,144	47,012,321
Long-term payables to primary government	25,655,844	327,973,796
Bonds and other long-term liabilities	42,127,036	215,490,384
Total liabilities	$ 75,102,104	632,372,223
Net investment in capital assets	$ 6,335,601	105,990,920
Restricted net position	3,151	36,379,861
Unrestricted net position	(6,737,085)	(63,108,142)
Total net position	$ (398,333)	79,262,639

	Condensed statements of revenues, expenses and changes in net position	
Operating revenues	$ 770,569	42,388,931
Depreciation/amortization	(332,361)	(15,615,654)
Other operating expenses	(604,339)	(31,859,840)
Operating income (loss)	(166,131)	(5,086,563)
Nonoperating revenue (expense)	(282,302)	(8,436,366)
Change in net position before partners' contributions	(448,433)	(13,522,929)
Partners' contributions	50,100	292,150
Beginning net position	—	92,493,418
Ending net position	$ (398,333)	79,262,639

(18) Pollution Remediation

(a) Yesler Redevelopment

At Yesler Block 4, environmental remediation work was started and completed in 2022 for a total cost of $602,007 which was originally estimated to cost $219,445 as reported for 2021. Of this amount, the Authority paid $219,590 because the buyer owed the Authority for additional costs related to the sale of the property.

(b) Other Sites

At Othello Corner, the Authority has been negotiating with Chevron for several years related to a site purchased in 2007. The settlement agreement was completed in May 2021 and the Authority received $916,191 in accordance with the agreement. Cleanup of the site was delayed until 2023 and is expected not to exceed $1,700,000, which will offset the settlement received in 2021.

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REQUIRED SUPPLEMENTARY INFORMATION
PENSION AND OPEB PLANS (UNAUDITED)

THE HOUSING AUTHORITY OF THE CITY OF SEATTLE, WASHINGTON

Required Supplemental Information

Schedule of Proportionate Share of the Net Pension Asset and Liability

Last Ten Fiscal Years (Unaudited)

		2015	2016	2017	2018	2019	2020	2021	2022
PERS 1									
Proportion of the net pension liability		0.279123%	0.285530%	0.286530%	0.288160%	0.278146%	0.309220%	0.296084%	0.292017%
Proportionate share of the net pension liability	$	14,600,729	15,334,306	13,596,072	12,869,324	10,695,702	10,917,137	3,615,880	8,130,827
Covered payroll through the measurement date		252,404	223,081	137,438	42,626	40,303	—	—	—
Proportionate share of the net pension liability as a percentage of covered payroll		5784.67%	6873.87%	9892.51%	30191.25%	26538.23%	n/a	n/a	n/a
Plan fiduciary net position as a percentage of the total pension liability		59.10%	57.03%	61.24%	63.22%	67.12%	68.64%	88.74%	76.56%
PERS 2/3									
Proportion of the net pension liability		0.354073%	0.360458%	0.365225%	0.368896%	0.358294%	0.401177%	0.380209%	0.380539%
Proportionate share of the net pension asset	$	—	—	—	—	—	—	37,874,935	14,113,359
Proportionate share of the net pension liability		12,651,234	18,148,776	12,689,823	6,298,571	3,480,253	5,130,825	—	—
Covered payroll through the measurement date		31,546,379	33,932,176	36,047,071	38,413,259	40,454,205	44,101,290	47,459,117	47,808,978
Proportionate share of the net pension liability as a percentage of covered payroll		40.10%	53.49%	35.20%	16.40%	8.60%	11.63%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability		89.20%	85.82%	90.97%	95.77%	97.77%	97.22%	120.29%	106.73%

Schedule of Pension Plan Contributions

Last Ten Fiscal Years (Unaudited)

		2015	2016	2017	2018	2019	2020	2021	2022
PERS 1									
Contractually required contribution	$	22,792	22,957	7,396	5,846	2,034	—	—	—
Contributions in relation to the contractually required contribution		(22,792)	(22,957)	(7,396)	(5,846)	(2,034)	—	—	—
Contribution deficiency (excess)	$	—	—	—	—	—	—	—	—
Covered payroll	$	223,273	205,337	63,272	45,856	15,860	—	—	—
Contributions as a percentage of covered-employee payroll		10.21%	11.18%	11.69%	12.75%	12.82%	0.00%	0.00%	0.00%
PERS 2/3									
Contractually required contribution	$	3,329,025	3,918,248	4,433,870	5,038,768	5,406,866	5,902,688	5,558,664	5,165,785
Contributions in relation to the contractually required contribution		(3,329,025)	(3,918,248)	(4,433,870)	(5,038,768)	(5,406,866)	(5,902,688)	(5,558,664)	(5,165,785)
Contribution deficiency (excess)	$	—	—	—	—	—	—	—	—
Covered payroll	$	32,579,187	35,044,215	37,096,578	39,553,027	42,087,118	45,770,499	47,807,453	50,138,963
Contributions as a percentage of covered-employee payroll		10.22%	11.18%	11.95%	12.74%	12.85%	12.90%	11.63%	10.30%

Notes to the Required Supplementary Information for the year ended December 31, 2022

Changes in benefit terms

There were no changes in the benefit terms for pension plans.

Changes of assumptions

(a) In 2015, the assumptions were as follows: economic inflation rate was 3%, salary inflation rate was 3.75%, discount rate was 7.5%, mortality rates used were based on the RI-2000 Combined Health Table and Combined Disabled Table and projected using 100% Scale BB, and assumptions were based on the results of the Office of the State Actuaries' (OSA) 200–2012 Experience Study.

(b) In 2018, the assumptions were changed for the following: economic inflation rate was 2.75%, salary inflation rate was 3.5%, and the discount rate was 7.4%.

(c) In 2020, mortality rates used were based on PubG.H-2010 table and projected using long-term rates of the MP-2017 generational improvement scale and the assumption for the Experience Study used was changed to the OSA's 2013-2018 Experience Study Report and 2019 Economic Experience Study.

(d) In 2022, Joint-and-Survivor Factors and Early Retirement Factors were updated. Also, the investment return assumption was reduced from 7.5% to 7.0% and the salary growth assumption was reduced from 3.5% to 3.25%.

GASB Statement No. 68 was adopted in 2015; prior years' data not available.
Beginning in 2020, the Authority had no active PERS 1 employees.

See accompanying independent auditors' report.

THE HOUSING AUTHORITY OF THE CITY OF SEATTLE, WASHINGTON

Required Supplemental Information

Schedule of Changes in Total OPEB Liability

Last Ten Fiscal Years (Unaudited)

		2018	2019	2020	2021	2022
Total OPEB liability:						
Service cost	$	137,862	143,357	127,968	155,487	172,939
Interest cost		71,892	57,540	70,737	44,046	39,451
Changes of benefit terms		—	—	—	—	—
Differences between expected and actual experience		226,248	—	(117,881)	—	(450,023)
Changes of assumptions		(621,629)	(93,255)	(180,902)	84,896	(138,887)
Benefit payments		(69,000)	(28,797)	(50,751)	(39,422)	(57,570)
Net changes in total OPEB liability		(254,627)	78,845	(150,829)	245,007	(434,090)
Total OPEB liability – beginning		1,798,221	1,543,594	1,622,439	1,471,610	1,716,617
Total OPEB liability – ending	$	1,543,594	1,622,439	1,471,610	1,716,617	1,282,527
Covered-employee payroll	$	41,293,112	41,293,112	38,217,798	38,217,798	58,339,316
Net OPEB liability as a percentage of covered-employee payroll		3.74%	3.93%	3.85%	4.49%	2.20%

Notes to the Required Supplementary Information for the year ended December 31, 2022.

Schedule of contributions is not required as funding is not based on actuarially determined contributions and contributions are neither statutorily nor contractually established.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 to pay related benefits.

Material assumption changes during the measurement period include updating the discount rate as of each measurement date, as required by GASB Statement No. 75. The discount rate used for the 2018 total OPEB liability was 3.44% and the discount rate used for the 2019 OPEB liability was 4.10%, resulting in a reduction of the total OPEB liability. The discount rate used for the 2020 total OPEB liability was 4.10% and the discount rate used for the 2021 OPEB liability was 2.74%, resulting in a reduction of the total OPEB liability. The discount rate used for 2022 was 2.06%, resulting in an additional reduction of the total OPEB liability. The healthcare trend rate also decreased from 7.15% to 6.53%.

GASB Statement No. 75 was adopted in 2018; prior years' data not available.

See accompanying independent auditors' report.

THE HOUSING AUTHORITY OF THE CITY OF SEATTLE, WASHINGTON

Section III

Statistical Section
(Unaudited)

Statistical Section

This section provides additional information regarding the Authority in the following categories:

Financial Trends	show how the Authority's financial position has changed over time	Tables 1–2
Revenue Capacity	the tables in this section show the Authority's ability to generate revenue	Tables 3–4
Debt Capacity	shows the Authority's debt burden over time and provide information on the ability to issue debt	Tables 5–6
Demographics and Economic Statistics	the tables in this section portray the socioeconomic environment and provide information to allow comparisons over time and comparisons to other governments	Tables 7–9
Operating Information	the purpose of these tables is to show the Authority's operations and provide information to assess the government's economic condition	Tables 10–12

Table 1

THE HOUSING AUTHORITY OF THE CITY OF SEATTLE, WASHINGTON

Financial Trends

Net Position by Component – Primary Government

Last Ten Fiscal Years (Unaudited)

Year		Net investment in capital assets	Restricted	Unrestricted	Total
2013 (a)	$	210,293,958	10,069,831	228,421,457	448,785,246
2014 (b)		218,243,381	11,669,052	217,985,386	447,897,819
2015		223,534,799	13,578,114	243,740,195	480,853,108
2016		242,874,725	14,808,756	259,687,843	517,371,324
2017 (c)		260,634,170	34,443,955	266,899,301	561,977,426
2018 (d)		314,522,771	31,295,592	286,775,327	632,593,690
2019 (e)		298,993,267	72,470,937	307,880,727	679,344,931
2020		302,066,288	91,525,732	332,845,486	726,437,506
2021 (f)		291,831,877	176,756,565	350,384,804	818,973,246
2022		289,599,212	200,221,934	416,901,990	906,723,136

Notes:
(a) Net position for 2013 was restated as a result of the merger with Ravenna School Limited Partnership, a component unit of the Authority.
(b) Net position for 2014 was restated as a result of the merger with Othello Street Limited Partnership, a component unit of the Authority and as a result of GASB Statement No. 68.
(c) Net position for 2017 was restated as a result of the merger with Desdemona Limited Partnership and Escallonia Limited Partnership, component units of the Authority and as a result of GASB Statement No. 75.
(d) Net position for 2018 was restated as a result of the merger with Ritz Apartments Limited Partnership.
(e) Net position for 2019 was restated as a result of the merger with High Point North Limited Partnership and the acquisition of the S.P.A.C.E. Foundation.
(f) Net position for 2021 was restated as a result of the merger with Alder Crest Limited Partnership, a component unit of the Authority.

See accompanying independent auditors' report.

THE HOUSING AUTHORITY OF THE CITY OF SEATTLE, WASHINGTON

Financial Trends

Changes in Net Position – Primary Government

Last Ten Fiscal Years (Unaudited)

	2013 (a)	2014 (b)	2015	2016	2017 (c)	2018 (d)	2019 (e)	2020	2021 (f)	2022
Operating revenues:										
Tenant rentals	$ 21,550,029	22,785,736	22,837,426	23,540,026	26,239,514	24,669,439	30,594,413	32,260,851	34,327,236	37,826,561
Housing assistance payment subsidies	103,981,489	109,438,967	115,101,121	126,672,548	128,201,000	152,967,302	156,685,178	173,524,270	187,239,208	208,667,831
Operating subsidies and grants	28,020,480	28,898,006	29,245,755	31,641,807	34,150,522	36,755,420	41,844,957	46,906,549	45,741,581	46,384,782
Other	18,619,880	21,002,883	28,511,890	21,451,962	43,158,723	46,572,501	66,845,268	50,000,158	77,648,023	52,990,694
Total operating revenues	172,171,878	182,125,592	195,696,192	203,306,343	231,749,759	260,964,662	295,969,816	302,691,828	344,956,048	345,869,868
Operating expenses:										
Housing operations and administration	39,786,646	48,731,040	49,455,950	51,948,733	54,637,955	54,799,142	61,031,848	65,586,746	60,264,333	71,201,636
Tenant services	3,542,648	4,096,481	5,072,113	4,878,898	4,695,275	4,973,614	5,682,197	7,385,417	7,217,838	9,136,277
Utility services	5,990,952	6,334,799	6,045,785	6,061,780	6,373,419	5,827,961	7,097,608	7,888,138	8,090,097	7,821,078
Maintenance	17,409,835	18,696,116	18,481,187	18,552,983	20,691,487	19,937,245	22,143,892	26,771,433	25,689,903	26,362,785
Housing assistance payments	78,552,745	79,543,161	82,775,844	88,541,664	97,660,333	102,181,935	114,785,518	128,335,785	134,773,828	142,100,508
Other	30,221,452	1,398,022	3,344,964	736,987	4,101,298	4,940,844	9,126,037	7,225,324	7,036,219	6,167,087
Depreciation and amortization	10,232,876	10,077,223	9,314,799	9,230,730	11,716,648	11,804,649	14,397,213	14,602,298	14,631,694	17,203,529
Total operating expenses	185,737,154	168,876,842	174,490,642	179,951,775	199,876,415	204,465,390	234,264,313	257,795,141	257,703,912	279,992,900
Operating income (loss)	(13,565,276)	13,248,750	21,205,550	23,354,568	31,873,344	56,499,272	61,705,503	44,896,687	87,252,136	65,876,968
Nonoperating revenues (expenses):										
Interest expense	(5,500,338)	(5,082,076)	(4,572,533)	(3,979,539)	(4,541,717)	(2,850,195)	(4,077,588)	(6,410,520)	(5,696,685)	(5,215,161)
Interest income	461,197	3,698,302	3,520,102	3,947,513	7,003,861	5,716,585	7,123,468	4,352,847	2,653,363	9,200,605
Change in fair value of investments	(94,819)	(40,763)	(1,704)	(32,797)	31,103	(13,011)	204,103	(4,107)	(52,702)	(491,028)
Insurance proceeds, net	—	—	—	1,157,909	—	404,523	—	467,645	—	—
Loss from refinancing	—	—	—	—	—	(606,336)	—	(1,546,053)	(1,050,000)	—
Loss (gain) on investment in limited partnerships	(70,809)	(2,320,774)	(1,160)	(1,230,014)	(2,266,676)	3,182,714	(1,182,699)	(2,440,728)	3,196,664	4,366,971
Disposition of assets	(11,826)	(2,540,988)	(403,789)	(73,161)	—	(2,487,637)	(30,343,160)	(32,734)	(5,050,414)	—
Net nonoperating revenues (expenses)	(5,216,595)	(6,286,299)	(1,459,084)	(210,089)	226,571	3,346,643	(28,275,876)	(5,613,650)	(5,999,774)	7,861,387
Change in net position before contributions	(18,781,871)	6,962,451	19,746,466	23,144,479	32,099,915	59,845,915	33,429,627	39,283,037	81,252,362	73,738,355
Capital contributions	17,146,108	21,307,488	13,208,823	15,221,989	11,833,838	10,308,247	12,271,789	8,145,562	11,283,378	14,011,535
Increase (decrease) in net position	(1,635,763)	28,269,939	32,955,289	38,366,468	43,933,753	70,154,162	45,701,416	47,428,599	92,535,740	87,749,890
Net position at beginning of year	421,263,643	419,627,880	447,897,819	480,853,108	519,219,576	563,153,329	633,307,491	679,008,907	726,437,506	818,973,246
Net position at end of year	$ 419,627,880	447,897,819	480,853,108	519,219,576	563,153,329	633,307,491	679,008,907	726,437,506	818,973,246	906,723,136

Notes:
(a) Net position for 2013 was restated as a result of the merger of Ravenna School LLC, a component unit of the Authority.
(b) Net position for 2014 was restated as a result of the adoption of GASB Statement No. 68 and as a result of the merger with Othello Street Limited Partnership, a component unit of the Authority.
(c) Net position for 2017 was restated as a result of the merger with Desdemona Limited Partnership and Escallonia Limited Partnership, component units of the Authority and as a result of GASB Statement No. 75.
(d) Net position for 2018 was restated as a result of the merger with Ritz Apartments Limited Partnership.
(e) Net position for 2019 was restated as a result of the merger with High Point Limited Partnership and acquisition of S.P.A.C.E. Foundation.
(f) Net position for 2021 was restated as a result of the merger with Alder Crest Limited Partnership.

See accompanying independent auditors' report.

Table 3

THE HOUSING AUTHORITY OF THE CITY OF SEATTLE, WASHINGTON

Revenue Capacity

Operating Revenues by Source – Primary Government

Last Ten Fiscal Years (Unaudited)

	Tenant rentals		Housing assistance payment subsidies		Operating subsidies and grants		Other		Total	
Year	Amount	Percentage of total	Amount	Percentage of total	Amount	Percentage of total	Amount	Percentage of total	Amount	Total
2013	$ 21,287,096	12.4 %	$ 103,981,489	60.5 %	$ 28,020,480	16.3 %	$ 18,618,710	10.8 %	$ 171,907,775	100.0 %
2014 (a)	22,785,736	12.5	109,438,967	60.1	28,898,006	15.9	21,002,883	11.5	182,125,592	100.0
2015	22,837,426	11.7	115,101,121	58.8	29,245,755	14.9	28,511,890	14.6	195,696,192	100.0
2016	23,540,026	11.6	126,672,548	62.3	31,641,807	15.6	21,451,962	10.5	203,306,343	100.0
2017 (b)	26,239,514	11.3	128,201,000	55.3	34,150,522	14.8	43,158,723	18.6	231,749,759	100.0
2018 (c)	24,407,125	9.4	152,967,302	58.7	36,755,420	14.1	46,570,077	17.8	260,699,924	100.0
2019 (d)	30,894,413	10.4	156,685,178	52.9	41,844,957	14.1	66,845,268	22.6	296,269,816	100.0
2020	32,260,851	10.6	173,524,270	57.8	46,906,549	15.1	50,000,158	16.5	302,691,828	100.0
2021 (e)	34,327,236	10.0	187,239,208	54.0	45,741,581	13.0	77,648,023	23.0	344,956,048	100.0
2022	37,826,561	11.0	208,667,831	60.3	46,384,782	13.4	52,990,694	15.3	345,869,868	100.0

Notes: (a) Year 2014 was restated due to the merger with Othello Street Limited Partnership, a component unit of the Authority.
(b) Year 2017 was restated due to the merger with Desdemona Limited Partnership and Escallonia, component units of the Authority.
(c) Year 2018 was restated due to the merger with Ritz Apartments Limited Partnership, a component unit of the Authority.
(d) Year 2019 was restated due to the merger with High Point North Limited Partnership, a component unit of the Authority, and the acquisition of the S.P.A.C.E. Foundation, a blended component unit.
(e) Year 2021 was restated due to the merger with Alder Crest Limited Partnership, a component unit of the Authority.

See accompanying independent auditors' report.

THE HOUSING AUTHORITY OF THE CITY OF SEATTLE, WASHINGTON

Revenue Capacity

Nonoperating Revenues by Source – Primary Government

Last Ten Fiscal Years (Unaudited)

	Interest income		Change in fair value of investments		Insurance proceeds, net		Gain (loss) on investment in limited partnerships		Total	
Year	Amount	Percent of total	Amount	Percent of total	Amount	Percent of total	Amount	Percent of total	Amount	Total
2013	$ 444,930	159.3 %	$ (94,819)	(33.9)%	$ —	— %	$ (70,809)	(25.4)%	$ 279,302	100.0 %
2014 (a)	3,698,302	276.6	(40,763)	(3.0)	—	—	(2,320,774)	(173.6)	1,336,765	100.0
2015	3,520,102	100.0	(1,704)	—	—	—	(1,160)	—	3,517,238	100.0
2016	3,947,513	102.8	(32,797)	(0.9)	1,157,909	30.1	(1,230,014)	(32.0)	3,842,611	100.0
2017 (b)	7,003,861	194.9	31,103	0.9	—	—	(3,442,579)	(95.8)	3,592,385	100.0
2018 (c)	5,716,585	66.7	(13,011)	(0.2)	404,523	4.7	2,468,913	28.8	8,577,010	100.0
2019 (d)	7,123,468	115.9	204,103	3.3	—	—	(1,182,699)	(19.2)	6,144,872	100.0
2020	4,352,847	183.2	(4,107)	(0.2)	467,645	19.7	(2,440,728)	(102.7)	2,375,657	100.0
2021 (e)	2,653,363	45.8	(52,702)	(0.9)	—	—	3,196,664	55.1	5,797,325	100.0
2022	9,200,605	70.4	(491,028)	(3.8)	—	—	4,366,971	33.4	13,076,548	100.0

Notes: (a) Year 2014 was restated due to the merger with Othello Street Limited Partnership, a component unit of the Authority.
(b) Year 2017 was restated due to the merger with Desdemona Limited Partnership and Escallonia Limited Partnership, component units of the Authority.
(c) Year 2018 was restated due to the merger with Ritz Apartments Limited Partnership, a component unit of the Authority.
(d) Year 2019 was restated due to the merger with High Point North Limited Partnership, a component unit of the Authority.
(e) Year 2021 was restated due to the merger with Alder Crest Limited Partnership, a component unit of the Authority.

See accompanying independent auditors' report.

Table 5

THE HOUSING AUTHORITY OF THE CITY OF SEATTLE, WASHINGTON

Debt Capacity

Schedule of General Revenue Bond Coverage

Last Ten Fiscal Years (Unaudited)

Fiscal year	Debt service Principal	Debt service Interest	Total debt service	General expense (a)	Ratio of debt service to general expenses
2013 Bond refunding (b)					
2015	$ 205,000	642,406	847,406	1,135,804	0.7
2016	205,000	640,356	845,356	1,185,802	0.7
2017	210,000	634,206	844,206	1,224,700	0.7
2018	1,265,000	615,690	1,880,690	1,285,718	1.5
2019	125,000	573,244	698,244	1,105,336	0.6
2014 Bond refunding (b)					
2015	270,000	588,129	858,129	1,822,150	0.5
2016	275,000	586,644	861,644	1,888,396	0.5
2017	275,000	584,581	859,581	1,901,600	0.5
2018	280,000	581,144	861,144	2,004,626	0.4
2019	285,000	576,244	861,244	2,280,228	0.4
Douglas Bonds					
2012	30,000	5,760	35,760	44,543	0.8
2013	30,000	5,601	35,601	46,971	0.8
2014	30,000	3,827	33,827	42,993	0.8
2015	30,000	3,384	33,384	45,342	0.7
2016	40,000	9,950	49,950	42,085	1.2
2017	40,000	17,194	57,194	46,156	1.2
2018	40,000	26,987	66,987	42,813	1.6
2019	40,000	27,500	67,500	46,485	1.5
2020	50,000	11,532	61,532	40,452	1.5
2021	50,000	3,137	53,137	39,828	1.3
2022	50,000	20,297	70,297	38,507	1.8
Gamelin/Genesee 2015 Bond refunding					
2016	125,000	120,446	245,446	182,271	1.3
2017	125,000	121,631	246,631	187,057	1.3
2018	125,000	122,234	247,234	157,020	1.6
2019	135,000	117,963	252,963	156,599	1.6
2020	135,000	117,505	252,505	152,458	1.7
2021	135,000	112,782	247,782	164,509	1.5
2022	140,000	108,868	248,868	166,499	1.5
2018 Bond refunding					
2019	810,000	1,152,500	1,962,500	2,315,321	0.8
2020	815,000	1,144,867	1,959,867	2,482,297	0.8
2021	840,000	1,122,639	1,962,639	2,221,957	0.9
2022	860,000	1,104,579	1,964,579	2,428,771	0.8

Notes: (a) General expense includes operating expenses except for depreciation and amortization.
(b) During 2020, the Authority issued new debt that will pay off the 2013 and 2014 Bond refundings in 2023. Restricted investments are held to pay off the bonds in 2023.

See accompanying independent auditors' report.

THE HOUSING AUTHORITY OF THE CITY OF SEATTLE, WASHINGTON

Debt Capacity

Ratio of Debt to Capital Assets – Primary Government

Last Ten Fiscal Years (Unaudited)

Year		Bonds payable	Notes payable	Total debt	Capital assets, net	Ratio of total debt to capital assets	Ratio of debt for housing units to total debt (a)
2013	$	71,408,875	40,188,127	111,597,002	288,455,844	38.69	54.71
2014 (b)		73,169,909	40,493,796	113,663,705	299,240,816	37.98	57.27
2015		65,436,551	39,990,204	105,426,755	306,245,985	34.43	42.15
2016		50,175,000	36,948,841	87,123,841	317,607,863	27.43	32.57
2017 (c)		35,244,999	36,796,574	72,041,573	372,803,550	19.32	15.65
2018 (d)		62,540,000	21,936,819	84,476,819	399,599,068	21.14	22.74
2019 (e)		68,892,373	88,938,910	157,831,283	515,681,588	30.61	29.47
2020		59,710,000	165,481,246	225,191,246	517,170,523	43.54	28.72
2021 (f)		125,960,000	101,250,192	227,210,192	510,581,939	44.50	28.72
2022		124,465,000	104,911,397	229,376,397	507,515,294	45.20	30.39

Note: (a) Unit count excludes Section 8 units not owned by the Authority and excludes units owned by component units where the related debt is held by the component unit.

(b) 2014 was restated due to the merger with Othello Street Limited Partnership, a component unit of the Authority.

(c) 2017 was restated due to the merger with Desdemona Limited Partnership and Escallonia Limited Partnership, component units of the Authority.

(d) 2018 was restated due to the merger with Ritz Apartments Limited Partnership, a component unit of the Authority.

(e) 2019 was restated due to the merger with High Point North Limited Partnership, a component unit of the Authority.

(f) 2021 was restated due to the merger with Alder Crest Limited Partnership, a component unit of the Authority.

See accompanying independent auditors' report.

Table 7

THE HOUSING AUTHORITY OF THE CITY OF SEATTLE, WASHINGTON

Demographics and Economic Statistics

Tenant Demographics – Population Statistics

Last Ten Fiscal Years (Unaudited)

Calendar year	Adults	Public housing program Elderly	Minors	Total number of tenants	Nonelderly disabled
2013	4,953	2,008	3,148	10,109	1,691
2014	4,795	2,049	3,079	9,923	1,716
2015	4,582	2,073	3,003	9,658	1,655
2016	4,603	2,883	3,133	10,619	1,738
2017	4,442	3,118	2,924	10,484	1,581
2018	4,873	2,311	3,209	10,393	1,485
2019	4,756	2,346	3,092	10,194	1,684
2020	4,637	2,366	2,939	9,942	1,774
2021 (a)	3,569	2,288	2,374	8,231	1,187
2022	3,456	2,071	2,430	7,957	1,148

Calendar year	Adults	Section 8 program (b) Elderly	Minors	Total number of tenants	Nonelderly disabled
2013	8,528	2,547	5,717	16,792	3,503
2014	8,295	2,638	5,733	16,666	3,419
2015	8,252	2,695	5,639	16,586	3,387
2016	8,185	2,621	5,880	16,686	3,480
2017	8,122	2,964	5,582	16,668	3,585
2018	8,194	3,187	5,547	16,928	3,559
2019	8,438	3,387	5,971	17,796	3,634
2020	8,911	3,696	6,049	18,656	3,743
2021	9,186	3,685	6,187	19,058	3,797
2022	9,292	3,610	6,279	19,181	3,851

(Continued)

Table 7

THE HOUSING AUTHORITY OF THE CITY OF SEATTLE, WASHINGTON

Demographics and Economic Statistics

Tenant Demographics – Population Statistics

Last Ten Fiscal Years (Unaudited)

Calendar year	Adults	Senior and local housing programs (c) Elderly	Minors	Total number of tenants	Nonelderly disabled
2013 (d)	1,040	1,058	499	2,597	93
2014 (e)	994	1,074	474	2,542	102
2015	929	1,136	442	2,507	91
2016	1,138	1,117	549	2,804	83
2017 (f)	1,129	1,087	575	2,791	83
2018 (g)	790	1,134	491	2,415	77
2019	1,487	1,107	728	3,322	31
2020	2,003	1,100	627	3,730	83
2021 (h)	1,694	1,483	736	3,913	121
2022	1,843	1,337	866	4,046	154

Calendar year	Adults	Agency-wide totals Elderly	Minors	Total number of tenants	Nonelderly disabled
2013	14,521	5,613	9,364	29,498	5,287
2014	14,084	5,761	9,286	29,131	5,237
2015	13,763	5,904	9,084	28,751	5,133
2016	13,864	5,723	9,562	29,149	5,256
2017	13,693	7,169	9,081	29,943	5,249
2018	13,857	6,632	9,247	29,736	5,121
2019	14,681	6,840	9,791	31,312	5,349
2020	15,551	7,162	9,615	32,328	5,600
2021	14,449	7,456	9,297	31,202	5,105
2022	14,591	7,018	9,575	31,184	5,153

Notes:
(a) 2021 decrease in Public Housing units attributable to temporary resident relocation from Jefferson Terrace for building rehabilitation and transfer of 148 Scattered Sites buildings to local housing programs.
(b) Includes incoming portable vouchers and excludes outgoing portable vouchers and participants living in the Authority’s Senior Housing program.
(c) Effective 2009, Senior and Local Housing programs include tenants from privately managed properties.
(d) Excludes 36 households whose age is unknown.
(e) Excludes 37 households whose age is unknown.
(f) Excludes 58 households whose age is unknown.
(g) Excludes 30 households whose age is unknown.
(h) Excludes 37 households whose age is unknown.

See accompanying independent auditors' report.

Table 8

THE HOUSING AUTHORITY OF THE CITY OF SEATTLE, WASHINGTON

Demographics and Economic Statistics

Regional Demographics – Population Statistics

Last Ten Fiscal Years (Unaudited)

Year	King County population (a)	Seattle population (a)	Per capita income King County (b)	Per capita income King Metro region (b)	Public school enrollment (d)	King County average annual unemployment rate (c)
2013	1,981,900	626,600	$ 68,156	55,190	51,094	5.6 %
2014	2,017,250	640,500	71,018	62,481	52,819	4.2
2015	2,052,800	662,400	74,802	63,623	53,844	4.5
2016	2,105,100	686,800	79,742	66,358	54,489	3.4
2017	2,153,700	713,700	84,542	69,913	55,007	3.6
2018	2,190,200	730,400	88,308	72,685	55,185	3.3
2019	2,226,300	747,300	95,083	77,788	55,417	2.1
2020	2,260,800	737,015	99,734	82,345	54,141	6.8
2021	2,287,050	742,400	108,212	89,274	51,764	3.2
2022	2,317,700	762,500	N/A	N/A	51,608	2.8

Notes: (a) As of April 1. Source: Washington State Office of Financial Management, 2022 Population Trends for Washington State estimates only.
(b) Source: U.S. Bureau of Economic Analysis, 2021 is most current available.
(c) Preliminary source: Washington State Employment Security Department.
(d) Source: Seattle Public Schools P 233 Enrollment Report September 11, 2022 (pre-adjusted).

See accompanying independent auditors' report.

THE HOUSING AUTHORITY OF THE CITY OF SEATTLE, WASHINGTON

Demographics and Economic Statistics

Principal Industries

Last Ten Fiscal Years (Unaudited)

Industry	2022 Number of employees	2022 Percentage of employment	2022 Rank	2021 Number of employees	2021 Percentage of employment	2021 Rank	2020 Number of employees	2020 Percentage of employment	2020 Rank
Professional and technical	158,600	10.70%	1	144,400	10.23%	1	135,100	9.76%	1
Information	140,400	9.47	2	134,300	9.51	2	127,800	9.24	2
Retail trade	107,900	7.28	3	114,200	8.09	3	105,500	7.63	3
Local government	103,000	6.95	4	100,300	7.11	4	100,900	7.29	4
Management of companies	90,800	6.12	5	80,700	5.72	5	82,300	5.95	5
Food services and drinking places	90,700	6.12	6	77,100	5.46	6	74,000	5.35	6
Administrative and waste services	77,500	5.23	7	72,000	5.10	7	69,300	5.01	8
Manufacturing durable goods	66,700	4.50	8	64,300	4.56	8	71,000	5.13	7
Transportation and warehousing	65,400	4.41	9	59,600	4.22	10	59,500	4.30	9
Ambulatory healthcare services	62,000	4.18	10	61,000	4.32	9	59,100	4.27	11
Wholesale trade	62,000	4.18	10	59,000	4.18	11	59,300	4.29	10
	866,400	69.14%		822,500	68.50%		808,700	68.22%	

Industry	2019 Number of employees	2019 Percentage of employment	2019 Rank	2018 Number of employees	2018 Percentage of employment	2018 Rank	2017 Number of employees	2017 Percentage of employment	2017 Rank
Professional and technical	121,600	8.28%	2	111,000	7.75%	3	102,900	7.36%	3
Information	112,600	7.67	3	113,700	7.94	2	114,400	8.18	2
Retail trade	133,300	9.08	1	128,900	9.00	1	124,400	8.90	1
Local government	105,300	7.17	4	103,100	7.20	4	100,600	7.20	4
Management of companies	74,100	5.05	7	67,700	4.73	8	63,100	4.51	9
Food services and drinking places	103,300	7.04	5	102,600	7.16	5	99,800	7.14	5
Administrative and waste services	74,000	5.04	8	72,600	5.07	7	72,100	5.16	7
Manufacturing durable goods	79,700	4.25	10	77,400	5.40	6	77,100	5.52	6
Transportation and warehousing	62,000	5.43	6	60,100	4.19	11	58,000	4.15	11
Ambulatory healthcare services	62,400	4.22	11	61,400	4.29	10	59,700	4.27	10
Wholesale trade	64,200	4.37	9	65,000	4.54	9	64,700	4.63	8
	758,300	67.60%		738,800	67.27%		719,500	67.02%	

Industry	2016 Number of employees	2016 Percentage of employment	2016 Rank	2015 Number of employees	2015 Percentage of employment	2015 Rank	2014 Number of employees	2014 Percentage of employment	2014 Rank
Professional and technical	96,200	7.09%	5	88,900	6.78%	5	85,900	6.76%	5
Information	113,700	8.38	2	112,500	8.58	2	110,500	8.70	2
Retail trade	120,800	8.90	1	116,000	8.84	1	111,800	8.80	1
Local government	98,100	7.23	3	95,200	7.26	3	92,400	7.27	3
Management of companies	53,700	3.96	11	48,300	3.68	11	43,300	3.41	11
Food services and drinking places	96,200	7.09	4	92,600	7.06	4	87,900	6.92	4
Administrative and waste services	71,200	5.25	7	70,000	5.34	7	67,600	5.32	7
Manufacturing durable goods	79,800	5.88	6	82,200	6.27	6	82,500	6.49	6
Transportation and warehousing	54,700	4.03	10	51,800	3.95	10	49,100	3.86	10
Ambulatory healthcare services	57,300	4.22	9	55,000	4.19	9	54,200	4.27	9
Wholesale trade	63,000	4.64	8	62,300	4.75	8	61,300	4.82	8
	808,500	66.67%		785,900	66.70%		760,600	66.62%	

Industry	2013 Number of employees	2013 Percentage of employment	2013 Rank
Professional and technical	82,500	6.69%	5
Information	107,900	8.75	1
Retail trade	107,800	8.74	2
Local government	90,400	7.33	3
Management of companies	38,500	3.12	11
Food services and drinking places	84,300	6.83	4
Administrative and waste services	66,200	5.37	7
Manufacturing durable goods	82,200	6.66	6
Transportation and warehousing	45,700	3.71	10
Ambulatory healthcare services	51,300	4.16	9
Wholesale trade	60,600	4.91	8
	627,000	66.27%	

Source: Washington Employment Security Department Labor Market and Economic Analysis. Prior years data was updated in September 2022.

Data provided for King County, which includes the Seattle Metropolitan Area and other surrounding communities.

See accompanying independent auditors' report.

Table 10

THE HOUSING AUTHORITY OF THE CITY OF SEATTLE, WASHINGTON

Operating Information

Number of Units by Program (c)

Last Ten Fiscal Years (Unaudited)

Fiscal year	Public housing	Section 8	Senior housing	Other housing programs (i)	Hope VI nonpublic units (i)	Total
2013 (c, d)	5,401	10,775	994	876	739	18,785
2014 (e)	5,259	11,036	1,029	826	596	18,746
2015 (f)	5,146	11,248	1,029	929	596	18,948
2016 (g)	5,146	11,262	1,030	961	596	18,995
2017 (h)	5,139	11,299	1,030	1,102	739	19,309
2018	5,139	11,414	1,030	1,177	739	19,499
2019 (j)	5,000	11,774	1,030	1,510	739	20,053
2020 (k)	4,876	11,935	1,030	1,486	739	20,066
2021 (l)	4,648	12,728	1,030	2,072	739	21,217
2022 (m)	4,349	12,906	1,030	2,386	739	21,410

Households Served and Waiting List Data

Last Ten Fiscal Years (Unaudited)

Fiscal year	Total households served (a)	Total households on waiting lists (b)
2013	13,601	9,435
2014	13,532	8,569
2015	13,516	8,481
2016	13,526	7,380
2017	13,471	10,526
2018	13,703	8,962
2019	14,694	7,689
2020	15,163	9,552
2021	15,332	11,776
2022	17,675	8,443

Notes:
(a) Prior to 2022, excludes Mod rehab, outgoing portable vouchers, nonpublic housing tax credits, and local programs, but includes incoming portable vouchers.
(b) Reflects unique households. Excludes HOPE VI communities.
For year 2013, Housing Choice Voucher waiting list opened and reflects unique households. Includes HOPE VI communities.
(c) 894 senior housing units were added to public housing but are represented with senior and other local housing programs.
(d) 40 units at Yesler Terrace were demolished in 2013.
(e) 142 public housing units demolished or sold in 2014; 35 senior housing units added at Leschi House.
(f) 113 public housing units demolished or sold in 2015; 103 other affordable units added at Kebero Court.
(g) Completion of Raven Terrace added 50 project-based units and 33 affordable units.
(h) Completion of Hoa Mai Gardens added 111 units; 7 units demolished at Yesler.
(i) Totals include Section 8 project-based units which are also included in Section 8 units.
(j) 139 units at Yesler Terrace demolished in 2019; 119 units added in Red Cedar, 211 units in Northgate Apartments acquisition.
(k) 124 units at Yesler Terrace demolished in 2020.
(l) 228 Public Housing Scattered Site units converted to Section 8 in 2021.
(m) 229 Public Housing Jefferson Terrace units converted to Section 8 and other housing programs.

See accompanying independent auditors' report.

Table 11

THE HOUSING AUTHORITY OF THE CITY OF SEATTLE, WASHINGTON

Operating Information

Property Characteristics and Dwelling Unit Composition

December 31, 2022 (Unaudited)

Public housing

Name of development	Address	Number of units	Year built or acquired
Ballard House	2445 NW 57th Street	79	1969
Barton Place	9201 Rainier Avenue S.	91	1971
Beacon Tower	1311 S. Massachusetts Street	108	1971
Bell Tower	2215 1st Avenue	120	1970
Cal-Mor Circle	6420 California Avenue SW	75	1968
Capitol Park	525 14th Avenue E.	125	1970
Cedarvale House	11050 8th Avenue NE	118	1970
Cedarvale Village	11050 8th Avenue NE	24	1971
Center Park	2121 26th Avenue S.	137	1969
Center West	533 3rd Avenue W.	91	1969
Denny Terrace	100 Melrose Avenue E.	220	1968
Green Lake Plaza	505 NE 70th Street	130	1969
Harvard Court	610 Harvard Avenue E.	81	1968
High Point*	3000 SW Graham Street	250	Various
Holly Court	3804 S. Myrtle Street	97	1980
International Terrace	202 6th Avenue S.	100	1972
Jackson Park House	14396 30th Avenue NE	71	1970
Jackson Park Village	14396 30th Avenue NE	41	1970
Lake City Court	12536 33rd Avenue NE	51	2011
Lake City House	12546 33rd Avenue NE	115	1971
Lictonwood	9009 Greenwood Avenue N.	81	1970
Longfellow Creek*	5915 Delridge Way SW	34	1993
NewHolly*	7050 32nd Avenue S.	400	Various
Olive Ridge	1700 17th Avenue	105	1969
Olympic West	110 W. Olympic Place	75	1970
Partnership units	Various	50	Various
Queen Anne Heights	1212 Queen Anne Avenue N.	53	1970
Rainier Vista*	2917 S Snoqualmie Street	251	Various
Ross Manor	1420 Western Avenue	100	1984
Roxhill Court Apartments*	9940 27th Avenue SW	6	1980
Scattered sites	Various	483	Various
Stewart Manor	6339 34th Avenue	74	1968
Tri-Court	720 N. 143rd Street	87	1971
University House	4700 12th Avenue NE	101	1971
University West	4544 7th Avenue NE	113	1971
West Town View	1407 2nd Avenue W	59	1977
Westwood Heights	9455 27th Avenue SW	130	1978
Wisteria Court*	7544 24th Avenue SW	23	1987
	Total units – public housing	4,349	

*Nonpublic housing units are listed under “Other housing program” section.

Table 11

THE HOUSING AUTHORITY OF THE CITY OF SEATTLE, WASHINGTON

Operating Information

Property Characteristics and Dwelling Unit Composition

December 31, 2022 (Unaudited)

Section 8

Name of development	Address	Number of units	Year built or acquired
Housing Choice Vouchers (a)	Various	12,668	—
Moderate Rehabilitation	Various	238	—
	Total number of Section 8 units	12,906	

Senior housing

Name of development	Address	Number of units	Year built or acquired
Leschi House	1011 S. Weller Street	69	1988
Ravenna School Apartments	6564 Ravenna Avenue NE	39	1979
South Park Manor	520 S. Cloverdale Street	27	1983
Bitter Lake Manor	620 N. 130th Street	72	1983
Blakeley Manor	2401 NE Blakeley Street	70	1984
Carroll Terrace	600 5th Avenue W.	26	1985
Columbia Place	4628 S. Holly Street	66	1983
Daybreak	1515 2nd Avenue N.	1	1978
Fort Lawton Place	3401 W. Government Way	24	1984
Fremont Place	4601 Phinney Avenue N.	31	1983
Gideon-Mathews Gardens	323 25th Avenue S.	45	1986
Island View	3031 California Avenue SW	48	1984
Michaelson Manor	320 W. Roy Street	57	1985
Nelson Manor	220 NW 58th Street	32	1985
Olmsted Manor	501 NE Ravenna Boulevard	35	1986
Phinney Terrace	6561 Phinney Avenue N.	51	1984
Pinehurst Court	12702 15th Avenue NE	73	1984
Pleasant Valley Plaza	3801 34th Avenue W.	41	1984
Primeau Place	308 14th Avenue E.	53	1984
Reunion House	530 10th Avenue E.	28	1984
Schwabacher House	1715 NW 59th Street	44	1984
Sunrise Manor	1530 NW 57th Street	32	1985
Wildwood Glen	4501 SW Wildwood Place	24	1983
Willis House	6341 5th Avenue NE	42	1983
	Total number of senior housing units	1,030	

(Continued)

Table 11

THE HOUSING AUTHORITY OF THE CITY OF SEATTLE, WASHINGTON

Operating Information

Property Characteristics and Dwelling Unit Composition

December 31, 2022 (Unaudited)

Other housing programs

Name of development	Address	Number of units	Year built or acquired
104th St Townhomes	528 N 104th St	3	2001
Alder Crest Apartments	6520 35th Ave SW	36	1977
Baldwin Apartments	1305 E Fir St	15	2014 rehab
Bayview Tower	2614 4th Ave	99	1979
Beacon House ACRS	1545 12th Ave S	6	1993
Delridge Triplexes	8136 & 8144 Delridge Way SW	6	1993
Fir Street Townhomes	Various	7	Various
Golden Sunset Apartments	3256 NW 54th St	92	1968
Greenwood Apartments	12701 Greenwood Ave N	6	1983
Jefferson Terrace	800 Jefferson St	147	1968
Hinoki	110 10th Ave S	136	2022
Hoa Mai Gardens	221 10th Ave S	111	2017
Kebero Court	1105 E Fir St	103	2015
Lake City Commons	12745 30th Ave NE	15	2002
Lee and Willow Apartments	3801 S Willow St	15	1967
Longfellow Creek Apartments (b)	5915 Delridge Way SW	50	1993
Main Place II	308 22nd Ave S	25	1999
Main Street Apartments	2035 S Main St	12	1992
Market Terrace	1111 NW Market St	30	1980
Martin Luther King Jr Apartments	7923 Martin Luther King Jr Way S	118	1968
Martin Luther King Jr Way 5-Plex	924 Martin Luther King Jr Way S	5	1998
Martin Luther King Jr Way Townhomes	Various	6	1996
Mary Avenue Townhomes	8548 Mary Ave NW	8	2001
Montridge Arms Apartments	9000 20th Ave SW	33	1968
Navos–Referendum 37	Various	2	Various
Northgate Apartments	11060 2nd Ave NE	211	1951
Norman Street Townhomes	Various	15	Various
Rainier Avenue Apartments	5983 Rainier Ave S	12	2002
Raven Terrace	820 Yesler Way	83	2015
Ravenna Springs/Bryant Apts	Various	13	Various
Red Cedar	808 Fir St	119	2019
Ritz Apartments	1302 E Yesler Way	30	1908
Roxhill Court Apartments (b)	9440 27th Ave SW	19	1980
Scattered Sites	Various	229	Various
South Shore Court	4811 S Henderson St	44	1962
Spring Lake Apartments	12530 35th Ave NE	69	1986
Spruce Street Townhomes	Various	10	1997
Stone Ave Townhomes	8514 Stone Ave N	4	2001
Telemark Apartments	2850 NW 56th St	24	1975
Villa Park	9101 50th Avenue S	43	2000
Wedgewood Estates	3716 NE 75th St	203	1948
Weller Street Apartments	1632 S Weller St	49	1969
Westwood Heights East	9440 27th Ave SW	42	1997
Wisteria Court (b)	7544 24th Ave SW	72	1987
Yesler Court	114 23rd Ave	9	1994
	Total other housing units	2,386	
HOPE VI nonpublic housing units:			
High Point		350	
Lake City Village		35	
NewHolly		220	
Rainier Vista		134	
	Total HOPE VI nonpublic housing (a)	739	
	Total units – All programs	21,410	

Notes: (a) Includes overlap of other housing program units and senior housing units which also have project-based and program-based Housing Choice Vouchers.

(b) Public housing units are listed under the public housing section.

See accompanying independent auditors' report.

Table 12

THE HOUSING AUTHORITY OF THE CITY OF SEATTLE, WASHINGTON

Operating Information

Regular Staff Headcount by Department

Last Ten Fiscal Years (Unaudited)

Fiscal year	Executive	Development and asset management	Housing operations	Admissions and Section 8	Finance and administrative services	Information systems	Human resources	Total
2013	13	29	308	57	40	16	9	472
2014	18	26	309	55	39	15	9	471
2015	26	50	332	61	47	18	11	545
2016	27	53	340	64	47	18	11	560
2017	30	52	353	60	47	19	12	573
2018	25	58	353	62	45	20	12	575
2019	27	57	375	65	48	21	13	606
2020	26	59	388	71	49	22	16	631
2021	26	53	378	68	52	21	17	615
2022	24	85	397	86	46	25	19	682

See accompanying independent auditors' report.