The Housing Authority
of the City of Seattle, Washington

Comprehensive Annual Financial Report

For the year ended
December 31, 2014

THE HOUSING AUTHORITY OF THE CITY OF SEATTLE, WASHINGTON

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December 31, 2014

Issued by
Department of Finance & Administrative Services
Shelly Yapp, 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

Principal Officials

Commissioners as of December 31, 2014

Name	Term expires
Nora Gibson, Chair	March 20, 2015
Doug Morrison, Vice Chair*	March 20, 2014
Aser Ashkir, Commissioner*	October 1, 2014
John Littel, Commissioner*	October 1, 2014
Juan Martinez, Commissioner	March 20, 2015
Kollin Min, Commissioner	March 20, 2016
Deborah Canavan Thiele, Commissioner	March 20, 2017

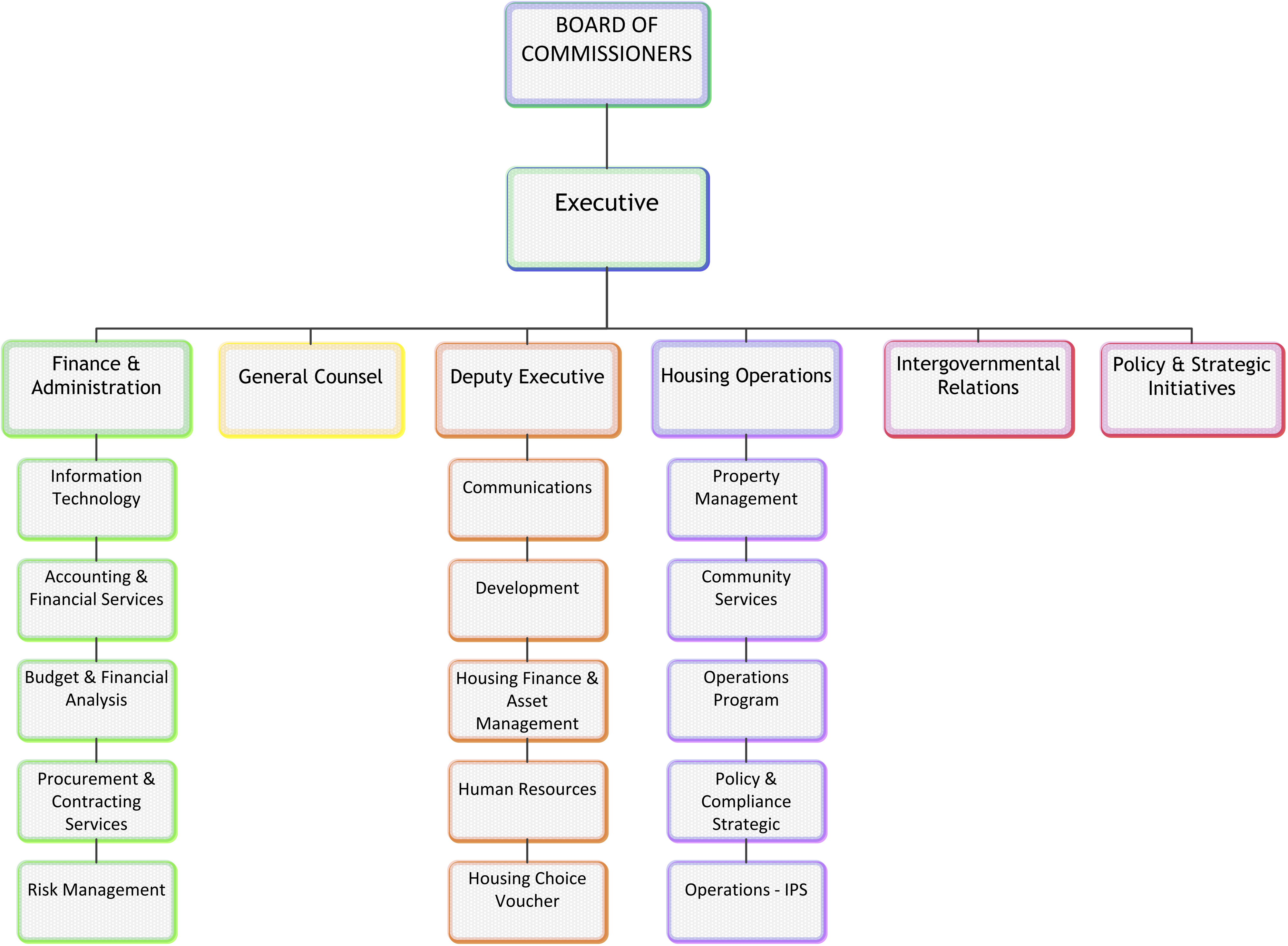
*Although the terms expired for Doug Morrison, Aser Ashkir, and John Littel, they continue to serve until the Mayor of the City of Seattle appoints new commissioners in 2015.

Administrative Staff

Andrew Lofton, Secretary-Treasurer/Executive Director

Shelly Yapp, Chief Financial Officer

Janet Hayes, Controller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May 15, 2015

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

Introduction

We are pleased to present The Housing Authority of the City of Seattle, Washington's (referred to hereafter as "the Seattle Housing Authority", "the Authority" or "SHA") Comprehensive Annual Financial Report (CAFR) for the year ended December 31, 2014. This report was prepared by the Authority's Finance staff, and the Authority's 2014 financial statements included in this CAFR 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 is presented on pages 1 through 3 herein. We invite the public to review SHA's 2014 CAFR at http://www.seattlehousing.org/news/financial/.

The data presented in this report are the responsibility of the management of the Authority. To the best of our knowledge and belief, the data as presented are accurate in all material respects; are presented in a manner designed to fairly state the financial position and results of operations of the Authority; include all necessary disclosures to enable the reader to gain a thorough understanding of the Authority's financial affairs; and are based on a system of internal controls through policies and procedures designed to minimize, prevent, or detect risks to the integrity of the data and correct weaknesses where discovered. The effectiveness of SHA's internal controls is tested in the course of independent financial, compliance, and performance audits.

For a complete overview of the Authority's 2014 financial conditions, please review Management's Discussion and Analysis found in Section II: FINANCIAL SECTION, in tandem with this transmittal letter.

Profile of Seattle Housing Authority

Independent Public Jurisdiction: The Authority is an independent municipal entity created by the City of Seattle (City) in 1939 pursuant to state law and the National 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. The Authority is the largest housing authority in the Pacific Northwest and the 24th largest in the United States.

Moving to Work Housing Authority: The Authority is one of 39 housing authorities, of approximately 3,300 in the country, designated as a "Moving to Work" (MTW) housing authority. An MTW agency is one that is part of a demonstration created in the 1996 Congressional appropriation for the Department of Housing and Urban Development (HUD). MTW agencies have three statutory objectives:

- Reduce cost and achieve greater costs 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 to develop operating policies and procedures that differ from those prescribed in regulations implementing Sections 8 and 9 of the Housing Act of 1937. The Authority also is authorized to combine public housing operating and capital funds and housing choice voucher funds into a MTW Block Grant and to allocate those funds to best meet local low income housing needs. MTW agencies are required by the 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 its Board of Commissioners. The Board is comprised of seven members appointed by the Mayor 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 2011-2015 Strategic Plan. The Plan was adopted by the Board in October 2010, following a twelve month planning and community participation process. The Plan will next be reviewed, revised, and updated in late 2015. The underpinnings for the 2011-2015 Strategic Plan are the Authority's Mission and Values statements:

Our Mission

Our mission is to enhance the Seattle community by creating and sustaining decent, safe and affordable living environments that foster stability and increase self-sufficiency for people with low-income.

Our Values

As stewards of the public trust, we pursue our mission and responsibilities in a spirit of service, teamwork, and respect. We embrace the values of excellence, collaboration, innovation, and appreciation.

Seattle Housing Authority's 2011-2015 Strategic Plan lays out five broad strategic directions that guide the primary goals and objectives of the Authority over the period:

1. Expand housing for low-income residents across Seattle by maintaining and expanding low-income housing stock.
2. Expand housing access and choice across Seattle for low-income residents using Housing Choice Vouchers.
3. Assist housing participants in gaining access to education and employment opportunities so they can improve their lives.
4. Provide additional services and increase the stock of housing for low-income seniors.
5. Partner with others to create healthy, welcoming and supportive living environments in Seattle Housing Authority communities.

In addition to these strategic directions, the Board identified three areas for internal focus. They represent management and administrative conditions that are necessary for our success:

1. Manage the Seattle Housing Authority as effectively as possible to meet the agency's mission.
2. Identify and implement sustainable practices throughout the agency to minimize impact on the environment.
3. Promote a healthy, engaged and productive workforce.

Housing Profile: The Authority is the developer and the general partner and management agent for 17 Component Units, the owners of which are Low Income Housing Tax Credit limited partnerships or limited liability limited partnerships.

The agency owns and manages or manages nearly 8,000 units of housing and administers just over 10,000 rental vouchers, providing rental housing or rental assistance to nearly 30,000 low income people in the City of Seattle.

The Authority operates low-income housing in four large family communities – NewHolly, Rainier Vista, High Point, and Yesler Terrace; in twenty-eight high-rise buildings, and in single, duplex, triplex, and small apartment buildings across the city. The Authority also administers the Housing Choice Voucher programs that provide tenant-based or project-based vouchers that serve as rent supplements for qualified low-income tenants.

The Authority works in partnership with local agencies to provide community, social, and health services to some low-income residents and voucher participants. These services include recreation, job training and referral, elder services, instruction in English as a second language, health and dental clinics, and various educational programs.

In the mid-1990s, the agency began a long-term program to redevelop its housing stock to transform the family communities to new mixed-income neighborhoods, while assuring that all low-income tenants of these neighborhoods receive relocation assistance. Replacement housing, either on or offsite has also been built or acquired in order to maintain or increase Seattle's inventory of low-income housing. The Authority's redevelopment activities continue today and into the future. Presently, the Authority is engaged in the redevelopment of the last of its 1940 era family housing communities – Yesler Terrace (see Major Initiatives below).

Budget Process and Monitoring: The annual budget for the Authority is prepared by the Executive Director with significant involvement of the agency's top executive staff and the support and analysis of the agency's Budget staff. At the front-end of the budget process, the Cabinet with the Executive Director agrees on the financial forecast on which the budget will be prepared and establishes the key areas of focus for the coming year from the Strategic Plan. At the end of the budget process, the Executive Director, with the advice of the Cabinet, 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 agency's Proposed Budget for public review and comment. The MTW Plan and the Proposed Budget are primary tools for implementing the 2011-2015 Strategic Plans. The annual proposed budget includes four components – the Operating, HAPs (Housing Assistance Payments), 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 up in the Authority's project-based budgeting process. The development programs of the Authority, to rebuild and rehabilitate the family communities, senior program buildings, and high-rise public housing buildings, are supported through mixed financings, including low-income housing tax-credit partnerships, bond and mortgage financing, federal HOPE VI and Choice Neighborhood Initiative funds, and federal, state and local 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 Administration Department and the Asset Management Department. Monthly reports on budget versus actual performance are reviewed by the Budget Office and the Departments. Quarterly budget and portfolio reviews are conducted at the management and executive levels, and budget revisions and actions to address variances against budget, as needed, are taken to ensure appropriate budget control.

Economic Conditions and Financial Outlook

State and Local Economy – Forecast Highlights (1):

The Washington and Seattle area economies continue to recover from the Great Recession at a solid pace and are expected to continue doing so. The Puget Sound Economic Forecaster provides this perspective to support their forecast for sustained growth:

> "The latest jobs report is probably the best sign yet that the national economy is now engaged in a sustained recovery. For labor, it has been a long time coming. Over the decade 2000-2010, culminating in the Great Recession, U.S. real Gross Domestic Product (GDP) grew at half-speed... and ... nonagricultural wage and salary employment fell from 132.0 million to 130.3 million in 2010, a loss of 1.7 million jobs. Over the prior ten years the U.S. economy created 22.5 million jobs..."
>
> "Since 2010 the national economy has added 11.5 million jobs through February 2015, lowering the unemployment rate to 5.5 percent and reducing the number of under-utilized workers from 26.2 million to 17.3 million. This decade the U.S. economy is on track to create as many jobs as it did in the 1990's...The latest labor report noted that every major industry except mining is currently expanding its workforce."

Washington is currently outdoing the U.S. economy in the pace of recovery and the Puget Sound region is growing faster than the state. By the end of 2014, the Puget Sound region unemployment rate had dropped from 9.7 during the Great Recession to 5.1 percent and is projected to be below 5 percent over the period 2015 through 2019.

State and local forecasters point to numerous signs that the recovery growth has taken hold broadly and appears to be sustainable:

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[1] This economic outlook information is significantly informed by the "Puget Sound Economic Forecaster" produced by Conway Pedersen Economics, Inc. and by the "Washington Economic and Revenue Forecast" prepared by the Washington State Economic and Forecast Council.

- Employment growth in Washington State has been stronger than expected -- 31,000 jobs were added over the three months between December 2014 and February 2015, compared to a forecast of 13,000 jobs added for that period.
- New claims for unemployment insurance have reached new post-recession lows in early 2015 – claims have fallen more than 55 percent since the recession peak and are now lower than before the onset of the recession.
- Average weekly earnings growth improved in 2014 to 2.4 percent, compared to 0.6 percent in the previous year.
- Washington export growth is strong and reached an all-time high of $25.2 billion in the last quarter of 2014, due mostly to aerospace. Exports were up during the quarter by 11.6 percent over the year due to a 27 percent increase in transportation equipment exports – predominantly Boeing jets.
- Housing construction improved in the 4th quarter of 2014, as measured by the number of building permits authorized. Multi-family construction has now returned to pre-recession levels. Single family residential construction remains well below pre-recession levels.
- Washington employment is expected to grow 2.9 percent in 2015 and at an annual average rate over 2016 through 2019 of 1.6 percent.
- Construction employment took the greatest brunt of the Great Recession. While it has bounced back from the housing collapse, it remains well short of its previous peak. Over 2014 through 2019, construction employment is expected to show impressive annual gains – 6.2%, 7.4%, 5.0%, 5.0%, 4.3%, and 3.5%. Even with these gains, construction employment in 2019 will still be below the pre-recession peak.
- State and local government employment will continue to be a drag on the overall employment increase picture, improving, but more slowly than private sector jobs.
- Inflation continues, and is forecast, to be low by historic measures. The Seattle CPI rise for 2015 is expected to be no more than 1.2 percent, compared to 1.8 percent in 2013.
- Various projections for the annual increase in the inflation rate year over year in the Seattle area are not expected to exceed 2.4 percent during the period 2015 through 2019. Despite these low inflation levels, Seattle's inflation is expected to be slightly higher than that for the nation as a whole.

But, all is not rosy for SHA residents and voucher participants:

- While the unemployment rate is headed below 5.0 percent in the Seattle area, job growth has picked up across virtually all industries, and there are fewer underemployed or underutilized workers, concerns persist about who is benefiting from the recovery and the economic expansion. There is little evidence that low income people, especially extremely low income people, are benefiting. There is some evidence to the contrary that the blue collar job ladders that once provided a pathway from low income to the middle class are no longer available. So from the Housing Authority's perspective, it is questionable whether the more robust economic recovery is reaching many of SHA's residents and voucher participants.

- A second and a major concern affecting low income people in this "Great Recession recovery and expansion" is the affordability of rental apartments in Seattle, particularly in the private sector. Low income households who are lucky enough to get a housing choice voucher are increasingly unable to use their tenant based vouchers in the private market. SHA is experiencing historic lows in participants' success in leasing a rental apartment or home with a tenant based voucher, even after 180 days of shopping and liberal provisions for use of their own resources. This is despite increases in the voucher payment standard in late 2014.

Economic conditions affect the Authority's performance in a number of ways:

First, we benefit from low inflation, as our costs of doing business do not escalate as rapidly as they might otherwise.

Second, as an organization with a significant real estate development portfolio, we are subject to the same volatility of the housing market as are private developers. Our current concerns relate to escalating construction costs as the economy heats up.

Third, we continue in a market where workable residents face numerous barriers to employment and advancement. For many of these residents, there is little reality to the "economic recovery", as it has not yet included opportunities for them.

Finally, we have seen a redistribution of income to the highest income brackets from all other brackets, especially the lower middle class and the low income. This transformation of our income distribution has been decisive and rapid. In March 2014, the Puget Sound Economic Forecaster provided perspective on this change:

> "The income gap between the rich and the poor has become extreme. In 2012, the one percent of Americans in the top income bracket took home 22 percent of the nation's income. Between 2009 and 2012, the top one-percent garnered **95 percent of the total gain in income.**" The article goes on to say that it is not just individuals: corporate profits have exploded and are now 14.5 percent of national income, compared to an average of 9.8 percent from 1970 through 1999. "The surge in profits has come at the expense of employee compensation, which dropped from 65.8 percent of national income in 2000 to 61.0 percent in 2014. ...the massive shift in national income from employee compensation to profits has undoubtedly been a drag on the recovery" from the Great Recession.

This growing income gap between rich and poor may be the greatest social and economic challenge we will face locally and nationally in coming years.

Federal Funding – Status and Outlook

The Authority relies on federal funding for about 60 percent of our overall revenues and approximately 70-75 percent of its operating and rental assistance support. Consequently, federal budget decisions play a more direct role in SHA's ongoing economic condition than do local economic conditions.

Since the Budget Control Act of 2011, the federal budgetary focus has been on deficit reduction through reducing federal budget appropriations, especially for discretionary defense and non-defense programs. And, with the 2012 failure of the Congressional Super Committee to reach a bipartisan agreement on how to achieve a second $1 trillion savings over ten years in the federal budget to add to the $1 trillion enacted in 2011, the automatic trigger of sequestration went into effect. In its initial year, this meant a 5 percent reduction on top of the budget cuts passed by Congress.

At the end of 2013, the two houses of Congress agreed on the Bipartisan Budget Act of 2013, which provided a two year reprieve from sequestration and the restoration of about 50 percent of the sequestered cuts. The agreements contained in the Bipartisan Budget Act ushered in at least a short-term sense of stability in the federal budget process with slightly more moderate budget ceilings established for two years – 2014 and 2015; agreement to suspend the debt ceiling until mid-2015; and, a determination not to repeat another government shutdown.

While the partial return to normalcy in federal budget and appropriations processes is welcome, it will be short-term come 2016 when budget ceilings incorporating sequestration cuts will again take effect, unless Congress acts to again moderate the impact of these cuts. With the change in the composition of the Congress where Republicans hold a majority in both Houses in 2015, it is unlikely that sequestration will be abandoned. More likely, reductions in non-defense discretionary programs will accelerate in the Republican House and Senate plans that call for further reducing the deficit, balancing the budget in nine years, and achieving that end without new revenue increases.

While the federal budget prospects are uncertain and generally negative for discretionary domestic spending, including housing, politics of both Presidential and Congressional elections will ultimately dictate the outcomes we might expect in the Federal Budget decisions over the next two years.

Renewal of the MTW Program Contracts

All MTW Public Housing Authorities face an additional uncertainty that will affect our future federal funding and regulatory flexibility – the terms for a ten year renewal from 2018 to 2028 of our Move to Work contracts. This is a work in progress and the result will not take effect until the current contracts expire at the end of 2018. However, negotiations to date suggest that changes HUD seeks will result in reduced funding, reduced funding flexibility, and reduced regulatory flexibility relative to the current program.

It is too early to know the dimensions of the change, but change there will be. This is a matter of urgent interest to all MTW agencies and we are working together with HUD, our local officials and partners, and our Congressional delegations to achieve the most effective outcome.

Financial Management and Oversight

The Authority's management is responsible for establishing and maintaining an 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, in conformance with U.S. generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that the costs and benefits require estimates and the exercise of judgments 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 and the compliance staff of the Authority.

Single Audit

In compliance with the Single Audit Act Amendments of 1996, tests are made to determine the adequacy of the Authority's internal control structure, including that 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. For the audit year ended December 31, 2014, KPMG reported no OMB Circular A-133 findings of significant deficiencies, and there were no significant deficiencies reported by KPMG LLP in connection with their audit of the Housing Authority's 2014 financial statements included in this CAFR.

Budgeting Control and Program Accountability

The objective of budgetary controls maintained by the Authority is to ensure appropriate financial management by Authority department managers of actual expenditures in relation to the approved budget. The Finance and Administration Department provides quarterly reports to managers and executive staff 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.

An integral part of budget control is to review needs for and 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. There are also quarterly reviews of all Housing Portfolios by the agency's Asset Management Committee. 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 are presented by property management staff. Follow-up actions resulting from these quarterly portfolio reviews are assigned to operating departments, the budget office, or the asset management department.

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 Audit Committee reports its activities to the full Board, along with any conclusions or recommendations they have to continue to strengthen the Authority's financial management.

Internally, the Authority has a Financial Policy Oversight Committee 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 Financial Policy Oversight Committee is charged with overseeing the financial conditions and financial management decisions of the Authority and ensuring that current or implied financial commitments/conditions receive the full scrutiny of the Authority's top managers and expert line staff. This committee has enhanced agency-wide consideration of and decisions on credit and debt management; development opportunities, project selection, and financing plans and policies; 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 Financial Policy Oversight Committee also administers the agency's policy on unrestricted cash balances and unassigned cash (Operating Cash Reserves), which was adopted by the Board of Commissioners in April 2011 and revised in May 2013.

Component Units*:* The Authority has seventeen discretely-presented component units as of December 31, 2014. 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 2014, the Authority's component units represented 47 percent of all rental housing units operated directly by the Authority.

Prudently Managing Public Housing Properties

The Authority has continued to take an active asset management approach to managing its properties, treating each of them as a distinctive "community" with the goal of efficiently using each property to its fullest potential toward meeting our mission. This means the Authority is actively reviewing its existing real estate holdings to ensure that all assets are managed in a cost-effective and efficient fashion and are contributing to the overall mission of creating and sustaining decent, safe, and affordable living environments for the low-income people of Seattle. As noted above, the internal Asset Management Committee with management representatives from all departments conducts quarterly portfolio reviews with property managers and budget and accounting staff, and notes issues for further discussion and review and circumstances requiring corrective measures. The Authority's approach is spelled out in the "Local Asset Management Plan" included in the agency's annual MTW Plan.

The Authority will continue to supplement its tenant rental income, operating revenues, and HUD subsidies by actively competing for additional federal funds for modernization, redevelopment, and resident support activities; by applying for local and state grant opportunities; by expanding partnerships with community organizations and private foundations, and by building new partnerships with schools, from elementary through vocational/technical colleges to universities. The Authority continues to compete successfully wherever we see new funding or partnership opportunities.

We also continue to forge new and strengthen existing partnerships around educational and job training opportunities with foundations and schools. The U.S. Department of Labor through the King County Workforce Development Council has funded a two year program – Pathways Out of Poverty; this grant is designed to support low-income people in gaining access to pre-apprenticeship construction training and placement into construction jobs. In addition, we are using these grant funds to support parent engagement work for Yesler parents so they can better support and advocate for their children's educational success. We are leveraging funds from HUD's CNI Yesler Terrace grant for partnerships with the school district, local social services and health care non-profits, higher education institutions, and local and national foundations in programs of educational and economic opportunity for low income residents at Yesler. These efforts will be evaluated for their effectiveness as models that might be scaled-up in Seattle and replicated elsewhere.

The Authority works closely with the City of Seattle to advance the availability of low income housing in the City and to ensure access to critical public services by those communities. We have worked together as partners in successfully financing the development of our low income housing tax credit properties; in combining City housing levy dollars with Housing Authority rental assistance vouchers in order to ensure that extremely low income people have access to assisted housing; we've cooperated in the development, rehabilitation, and operation of the Seattle Senior Housing Program for low income seniors; and, we've worked with both the City and the County on the routing and station designs of light rail and the streetcar extension to ensure service to SHA's family communities in Southeast Seattle and, most recently, with the routing of the streetcar extension through the heart of the Yesler Terrace Transformation Plan area. The streetcar extension was a public investment of more than $134 million and opened in 2014.

Major and Long-Term Initiative

Investing in People, Neighborhood, and Housing -- Yesler Terrace Redevelopment

Yesler Terrace is Seattle's oldest public housing community, constructed in 1939 on 30+ acres adjacent to downtown. The community houses more than 1,000 low-income people in 561 apartment units. The Authority's Board of Commissioners adopted a comprehensive set of guiding principles for the redevelopment of Yesler Terrace in December 2007. These guiding principles were developed by a Citizen Review Committee (CRC) chaired by former Mayor Norman Rice. Conceptual site alternatives were defined in 2009 based on these principles. In 2010 the Environmental Impact Statement (EIS) process got underway. The draft EIS was issued in late 2010 and the final EIS was issued in April 2012. In May 2012 the Board approved the Redevelopment Plan to guide development on the site over the next 10-20 years. This Development Plan provides for:

- Up to 4.3 million square feet of housing (5,000 units);
- Up to 900,000 square feet of office space;
- Up to 65,000 square feet of neighborhood services, including the existing Yesler Community Center;
- Up to 88,000 square feet of neighborhood retail;
- 15.9 acres of parks and semi-private open space; and,
- Up to 5,100 parking spaces to serve residential, retail, and office uses.

In September 2012, the Seattle City Council approved a series of agreements to permit the land use requirements for proceeding with the Yesler Redevelopment Plan and to enact an agreement between the City and SHA on our mutual goals and commitments to the redevelopment project.

At the end of 2012, the Authority had completed redevelopment of all low income rental housing in three of our four extremely low-income family communities; had completed construction of a new sustainable model "green" family community for low-income people; and had secured City approval of critical land use entitlements and development agreements for redevelopment of the remaining family community, Yesler Terrace.

Beginning in 2013, while continuing implementation planning activities, SHA began implementation of the Yesler Terrace Redevelopment Plan. Implementation is expected to take seven to fifteen years and will involve support from federal, state and local funds, proceeds of land sales, private equity, SHA investment, local non-profit educational, social service, and health providers, educational partners from kindergarten through college, and local, national and international foundations. And the plans for this redeveloped community are not just physical redevelopment and creation of a new urban mixed income community, but they uniquely focus on guiding principles for social equity, economic opportunity, environmental stewardship and sustainability, and one-for-one replacement housing for the extremely low and low income residents at Yesler Terrace.

The redeveloped Yesler Terrace will preserve the vibrant, diverse qualities of the existing neighborhood while also providing a safe, healthy and sustainable community, incorporating green design practices, enhanced transportation alternatives (including a streetcar) and economic opportunity for current and future residents. The Guiding Principles, recommended by the Yesler Terrace Citizen Review Committee and adopted by the SHA Board of Commissioners in 2006 established the core values of social equity, one-for-one replacement housing, environmental stewardship and sustainability, and economic opportunity that still guide the redevelopment process today.

In 2012, the Yesler Terrace Redevelopment project achieved several key milestones to implement the vision of a new Yesler Terrace community. In December 2012, the US Dept. of Housing and Urban Development granted $19.7 million from its Choice Neighborhoods Initiative to the Seattle Housing Authority. This funding leverages both public and private sources, including an additional $10.3 million received from the Choice Neighborhoods program and $750,000 received from the JPMorgan Chase Foundation. On September 4, 2012 the Seattle City Council unanimously adopted an extensive legislative package necessary to implement the redevelopment of Yesler Terrace.


Aerial photo of the construction of Kebero Court as of October 1, 2014

The Cooperative Agreement, one important element of the legislative package, committed up to $10.92 million of City funding to the development of housing and parks. Since 2012, the City has committed an additional $3.5 million to support upgrade and expansion of the sewer system at Yesler and construction of the 10th Avenue Hill climb that connects Yesler Terrace to the Little Saigon neighborhood.

The commitment of funding for the redevelopment and the extensive planning completed allowed Seattle Housing Authority to move forward these last few years with design, construction, and implementation of key activities and to move forward with building a new Yesler Terrace that is healthy, livable, affordable, viable, and green in all facets of development.

Here are highlights of the extensive work and major accomplishments in 2014 of investing in people, the neighborhood, and housing to realize the guiding principles for Yesler Terrace redevelopment:

- Completed the adaptive reuse of the historic Yesler Steam Plant into the Epstein Opportunity Center -- home to early learning, youth tutoring, and economic opportunities programs, including the highly successful Industrial Sewing Class and its first 18 graduates.
- Approval of the final plat of Yesler Terrace by Seattle City Council – our roadmap of approval for all infrastructure work and roadways.
- Completed the renovation of the first replacement housing at Yesler Terrace -- 15 original Yesler Terrace residents relocated into the 15 one-bedroom apartments at the Baldwin Apartments in the Summer of 2014.
- Continued construction in 2014 of the 103 units at Kebero Court (1105 E Fir St). At the end of 2014, the framing and siding were complete of the six-story apartment building and nine townhomes. Yesler residents will begin moving in May 2015. (See picture on previous page)
- Of the 118 units to be created at the Baldwin Apartments and Kebero Court, 15 units will be designed as 100% UFAS Type A Units to accommodate those with disabilities.

Yesler Terrace resident in front of her new home at the Baldwin Apartments

- Raven Terrace, which includes 83 units, began construction in 2014 and is expected to be completed before the end of 2015. At the end of 2014, framing of the building was underway.
- Spectrum Development Solutions began construction of Anthem on 12th Apartments which include 120 units, 30 of which are available to households with incomes up to 80% of the Area Median Income. The building will lease up in mid-2015 and represents the first private development under the Yesler Redevelopment Plan.
- Seattle Housing signed a purchase and sale agreement in 2014 with Vulcan Real Estate, for three parcels along Yesler Way for the mixed-use development including market-rate and workforce housing. Vulcan expects to begin construction in 2016 and continue on the three parcel development in sequence. In total, the Vulcan development is expected to include 520 market rate units and 130 work force units, when fully built out.
- Our next replacement housing building in Yesler will be Hoa Mai Gardens, a 111 unit building presently under design. This building will take another step forward in SHA's commitment to innovative sustainable design by incorporating a rainwater-harvesting system that is designed to capture approximately 85% of rainwater falling on the roof, for use within the building, resulting in a reduction of about 12% in consumption of municipal water.
- Our next building and those which follow will also include a proven solar system to pre-heat domestic hot water; this system will reduce the energy needed for domestic hot water by about half on an annual basis.
- All 135 households in Phase II were successfully relocated in 2013 and 2014. In 2014, an additional 110 households in Phase III received 18-month advance notice to relocate.

- 25 Yesler residents were placed in jobs with an average hourly wage of $11.80 and 57 percent of those placements included benefits.
- Hired four Community Health Workers by NeighborCare Health, all of whom are Yesler Terrace residents, to engage other residents in discussions about health-related topics and connect them to medical resources and support systems.
- Enrolled more than 143 Yesler children and youth in summer academic and enrichment activities led by various organizations.
- 52 Yesler families participated in the Parent-Child Home Program, which provides home-based instruction for children aged two to three, preparing them for school success by increasing language and literacy skills.

Implementation of this major redevelopment has proceeded very smoothly to date. There's no questions there are challenges ahead, as there are with any multi-year development project, public or private. SHA will be in full swing in 2015 of marketing Yesler parcels for sale for office and for private residential development. The success of these efforts over the next several years are central to SHA's completion of the replacement low income housing, which relies, in part, on land sales revenues. Our success with private developers to date is encouraging and we are optimistic that the vision for Yesler Redevelopment will sell itself.

Yesler Next Steps – 2015 and Beyond

The funding leveraged to date will allow Seattle Housing Authority to move forward with developing affordable housing for a variety of incomes, complete the necessary infrastructure work and utility replacements, and provide important amenities and services to the community. Community members will have ongoing opportunities to provide input as the planning and implementation process progresses on the redevelopment and continuity of supportive services. The year 2015 will be significant in that relocated residents will be welcomed into the first new building at Yesler Terrace. Below is a list of upcoming activities in 2015 according to the categories of People, Neighborhood, and Housing:

People

- Continue the Seattle Youth Education Initiative and opportunities for youth.
- Continue the Workforce Development strategies, which will include connecting residents with employment opportunities. In addition, Seattle Housing is partnering with neighborhood employers and the City of Seattle to provide on the job training for 15 Adult ESLL participants who will attend an ESLL class taught by Seattle Central College during the winter quarter. All 15 of the YT residents in the ESLL class will be matched with various employer partners for paid on-the-job training. The program started in January 2015.
- SHA, through its partner NeighborCare Health, will continue to work on health related topics of interest to residents and will continue to connect them to a medical service.
- SHA, through its partner Seattle University, will finalize a public safety plan that presents comprehensive, sustainable placed-based strategies designed to effectively respond to public safety concerns. This effort is funded by a Public Safety Enhancement technical assistance

grant awarded by the U.S. Department of Justice through the U.S. Department of Housing and Urban Development Department (HUD).

Neighborhood

- Complete construction of the 10th Ave S Hillclimb in Fall 2015.
- The P-Patch Trust, a local non-profit organization dedicated to community gardening, will complete construction of Horiuchi Park P-Patch and assign gardening plots in early 2015.
- The City of Seattle Parks and Recreation will complete the design of the large neighborhood park in the center of the community. Construction is planned to start in 2015.
- Historic Seattle continues to make progress in their capital campaign for the preservation and renovation of Washington Hall. They plan to start ADA and interior improvements in early 2015.
- Seattle Housing Authority will continue designing the accessible pedestrian pathway between the major intersection of Yesler Way and Broadway and 9th Ave. The pathway will be constructed at the same time Raven Terrace is constructed.
- Complete Yesler Terrace Arts Master Plan. Implement initial phase at Kebero Court and Green Street Loop.
- Initiate the Yesler Terrace Breathe Easy Program, which places residents who may have respiratory illnesses, such as asthma, in apartments that are designed to limit a household's exposure to potential indoor allergens and toxins and provide them with additional resources and support.
- Initiate the Green Healthy Living Initiative to foster a culture of environmental stewardship and health promotion and build community with current and future residents of Yesler Terrace.

Housing

- Complete and lease up 103 apartments at Kebero Court planned in Spring 2015.
- Complete the 83 unit building at Raven Terrace in late 2015 and begin lease-up.
- See private completion and lease-up of the 120 unit building at Anthem on 12th in the Summer of 2015.
- Begin construction of Hoa Mai Gardens, which includes a total of 111 units in mid-2015.
- See completion of design of a workforce/market rate apartment bldg. at Broadway and Yesler by Vulcan Real Estate.
- Start schematic design of the fourth new building to be located on the corner of Broadway and the future Fir St in the northwest sector of the site.

Awards and Recognition

During 2014, the Housing Authority of the City of Seattle received or continued distinctions and recognitions, including:

- SHA was awarded for the seventeenth year in a row, a Certificate of Achievement for Excellence in Financial Reporting by the Government Finance Officers Association (GFOA) of the U.S. and Canada for the fiscal year ending December 31, 2013 Seattle Housing Authority Comprehensive Annual Financial Report. A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to the GFOA for their assessment again this year.
- Seattle Housing Authority received an entity credit rating upgrade from Standard and Poors' under their international rating criteria for housing authorities/social housing in the U.S. and Europe. The upgrade was from A+ to AA, Stable forecast. Double A is the highest U.S. housing authority rating by S&P and it is held by five housing authorities, including SHA.
- A High Performing Housing Authority designation: SHA was designated a high performing agency in 1993 under HUD's Public Housing Management Assessment Program (PHMAP). As a result, the Authority became one of six original participants under contract with HUD in its Moving to Work (MTW) Demonstration Program. SHA signed with HUD for a ten-year extension of its MTW status through 2018; pending HUD's revisions of its Public Housing Assessment System or designation of an alternate evaluation tool, Seattle Housing retains its high performer designation.
- The Cooperative Agreement between the City of Seattle and the Authority reflects an expectation for City financial contributions of $30 million over the life of the project and commits up to $10.92 million of City funding for development of housing and parks for Phases 1 and 2. The City added $3.5 M in 2014 to their authorized contributions.
- SHA received a grant of $25K from Boeing Foundation to support Yesler Terrace Green and Healthy Living Initiative.
- In 2014, the Bill and Melinda Gates Foundation awarded SHA a second grant for $150,000 to develop a multi-year Education Initiative that will focus on improving the educational outcomes for SHA-served youth. This investment builds on the work already happening in the Yesler neighborhood and also expands the scope across all of our housing portfolios.
- SHA was awarded $195,000 as part of a larger investment from the JP Morgan Chase Foundation in the Workforce Opportunity System pilot. This pilot is a partnership among SHA, the Seattle King County Workforce Development Council, the Seattle College District, Seattle Jobs Initiative and the Financial Empowerment Network to test and scale effective ways to promote and increase self-sufficiency among SHA's unemployed and under-employed work-able residents.
- HUD has awarded SHA a grant of $410,500 for our Family Self-Sufficiency program. Under this program, grant-funded case managers work with public housing and Housing Choice Voucher tenants to develop and meet self-sufficiency goals which are supported by individual savings accounts subsidized by SHA.

Acknowledgments

The preparation of this report has been accomplished through the hard work of the Finance Department accountants and the support of other staff members throughout the Seattle Housing Authority. A special thanks to Janet Hayes, Seattle Housing Authority's Controller, whose talents, dedication, and commitment to accurate and thorough financial reporting and whose oversight of strong internal controls are largely responsible for nearly two decades of Awards of Excellence in Financial Reporting from the Government Finance Officers Association and consistently unmodified opinions on SHA's Financial Statements by our independent auditors. 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 the members of the Board of Commissioners for their tireless support and guidance.

Respectfully submitted,

Andrew J. Lofton
Executive Director

cc: SHA Cabinet members
SHA Public Website

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 Comprehensive Annual Financial Report for the Fiscal Year Ended

December 31, 2013

Executive Director/CEO

THE HOUSING AUTHORITY OF THE CITY OF SEATTLE, WASHINGTON

Financial Section

Section II

KPMG LLP
Suite 2900
1918 Eighth Avenue
Seattle, WA 98101

Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities (primary government) 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, 2014, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the aggregate discretely presented component units of the Authority, which statements reflect total assets, total liabilities, and the total net position constituting 100% of the total assets, total liabilities, and total net position of the aggregate discretely presented component units as of December 31, 2014, and total revenues and total expenses constituting 100% of the total revenues and total expenses of the aggregate discretely presented component units for the year then ended. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinions on the basic financial statements, insofar as they relate to the amounts included for the discretely presented component units, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component units of The Housing Authority of the City of Seattle, Washington, as of December 31, 2014, 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.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that the management's discussion and analysis on pages 4 through 13 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The cost certificates for projects WA19P001502-11, WA19R001502-11, WA19P001501-12, WA19R001501-12, and WA19R001502-12, and the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The cost certificates are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 cost certificates are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 15, 2015, 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

KPMG LLP

Seattle, Washington
May 15, 2015

Overview of the Financial Statements

The Housing Authority of the City of Seattle, Washington (the Authority) is pleased to present its basic financial statements for the year ended December 31, 2014, 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 during the year ended December 31, 2014, with comparative data for the year ended December 31, 2013. 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 of the Authority exceeded liabilities at December 31, 2014 by $477.4 million (net position), representing an increase of $28.5 million over 2013. Unrestricted net position of $248.4 million at the end of the year represents committed, assigned, and unassigned funds that may be used to meet the Authority's ongoing obligations. Unrestricted cash and investments makes up $85.4 million of this net position, which reflects $44.3 million in longer term commitments adopted by the Board of Commissioners, $8.4 million in assigned funds designated by the Authority's Financial Policy Oversight Committee, and $32.7 million in unassigned funds that make up the Authority's Operating Reserves. 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 2014 represented just over two months of average monthly expenses and principal debt service.

- Total net position increased by $28.5 million, which is an increase of 3.1% over the 2013 increase in net position of $27.6 million. Operating revenues increased by $9.0 million, which was offset by an increase in operating expenses of $11.2 million and capital contributions increased by $4.1 million compared to 2013.

- The Authority's current ratio that measures liquidity has increased during the year from 2.41 to 4.25. Current assets increased by $10.5 million as a result of higher cash and investments balances and current liabilities decreased by $12.8 million due primarily to $9.1 million of payoffs on short-term borrowings and a $3.7 million reduction of the current portion of long-term debt related to bond refunding transactions in 2013.

- Long-term notes receivable increased from $212.7 million to $221.0 million. The Authority has made loans to other low-income housing providers and to its component units that are redeveloping housing communities under the HOPE VI Redevelopment program and the Choice Neighborhoods Initiative. The largest change in long-term notes receivable from 2013 to 2014 resulted from the additions of loans for development at Yesler Terrace to the 1105 E. Fir LLLP and to the 820 Yesler Way LLLP.
- The Authority’s total debt decreased from $124.3 million to $113.3 million during the current reporting period. The reduction stemmed primarily from payoffs of short-term borrowings. As a result, the percentage of total debt to net capital assets decreased from 43.1% at December 31, 2013 to 39.2% at December 31, 2014.

Financial Analysis

Statement of Net Position

The statement of net position presents the assets and deferred outflows, liabilities and deferred inflows, 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, liabilities, and net position (assets minus liabilities). Also shown is the sum of total liabilities and net position, which equals total assets.

Total assets of the Authority at December 31, 2014 and 2013 amounted to $654.5 million and $636.7 million, respectively, an increase of 2.8%. The significant components of current assets are short-term investments, receivables from component units, and restricted cash. The significant components of noncurrent assets are long-term investments, capital assets, receivables from component units, and notes receivable. 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. The principal changes in assets from December 31, 2013 to December 31, 2014 were increases in current assets, noncurrent investments and cash, and long-term notes receivable. Increases in cash and investments resulted from additional HUD funding.

Total liabilities of the Authority were $177.1 million and $187.8 million at December 31, 2014 and 2013, respectively, representing a year over year decrease in liabilities of 5.7%. Current liabilities include accounts payable, accrued liabilities, unearned revenue, current portion of long-term debt, and short-term borrowings. Current liabilities have decreased due to the reductions in the current portion of long-term debt, and payoffs of short-term borrowings as noted above, which were offset by increases in unearned revenue. Noncurrent liabilities are primarily made up of the long-term portion of the notes and bonds payable. Noncurrent liabilities increased by approximately $2.1 million as a result of increases in long-term borrowings from the 2014 bond refunding.

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 is primarily amounts reserved to service debts until they mature. 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 10.9% during the year from $228.2 million to $248.4 million. This was primarily the result of increases in operating revenues and capital contributions as noted earlier.

Condensed Statement of Net Position

(In thousands)

		December 31	
		2014	**2013**
Assets:			
Current assets, net	$	95,520	84,973
Noncurrent investments and cash		16,627	14,069
Capital assets, net		289,087	289,160
Notes receivable, long-term, net		221,004	212,747
Other noncurrent receivables and other		32,216	35,750
Total assets	$	654,454	636,699
Liabilities:			
Current liabilities	$	22,472	35,282
Noncurrent liabilities		154,618	152,533
Total liabilities		177,090	187,815
Net position:			
Net investment in capital assets		218,260	210,468
Restricted for debt service		10,716	10,243
Unrestricted		248,388	228,173
Total net position		477,364	448,884
Total liabilities and net position	$	654,454	636,699

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 U.S. Department of Housing and Urban Development (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, Hope VI redevelopment, and other capital activities.

The statement of revenues, expenses, and changes in net position, which follows this section, reflects the year ended December 31, 2014 compared to the year ended December 31, 2013. Overall, operating revenues increased by approximately 5.2% or $9.0 million from 2013 to 2014 and operating expenses increased by 7.1% or approximately $11.2 million for the year; net nonoperating expenses decreased by 21.0% or approximately $1.1 million; and capital contributions increased approximately 24.1% or $4.1 million. Net position increased in 2014 by approximately $28.5 million. Explanations of principal reasons for these changes follow.

The primary reason for the favorable increase in operating revenues was because of the increase in subsidies for housing assistance payments in the Housing Choice Voucher program.

Operating expenses increased in all categories except for depreciation and amortization. The largest increase was in housing operations and administration expenses. A major contributor to this amount was an increase in subsidies provided to the limited partnerships (component units) of $3.7 million. This allowed them to increase their interest payment back to the Authority by $2.5 million. In addition, there was an increase of approximately $3.0 million in expenses for soft costs related to capital and development projects. The Authority also experienced modest increases in tenant services, utility services, maintenance, and housing assistance payment expenses.

Net nonoperating expenses increased by approximately $1.1 million during the year. While there was an increase in interest income from the limited partnerships of $2.5 million, there were also increases in the losses on investment in limited partnerships. The Authority increased the allowance for receivables from the component units by $2.3 million due to a required payment for Desdemona Limited Partnership that was deemed uncollectible during the year. In addition, losses from disposition of assets increased by $2.5 million primarily due to the sale of Heritage House during the year.

Capital contributions for the year ended December 31, 2014 were made up of $10.5 million from HUD capital grants and $10.7 million from the Choice Neighborhoods grant, which is one of the funding sources for Yesler Terrace redevelopment. In addition, the Authority received $121.5 thousand from the Capital Fund Education and Training Community Facilities grant for renovation of a historic steam plant that is being used to house early childhood education and new job training programs and provide a permanent location for the Head Start program at Yesler Terrace.

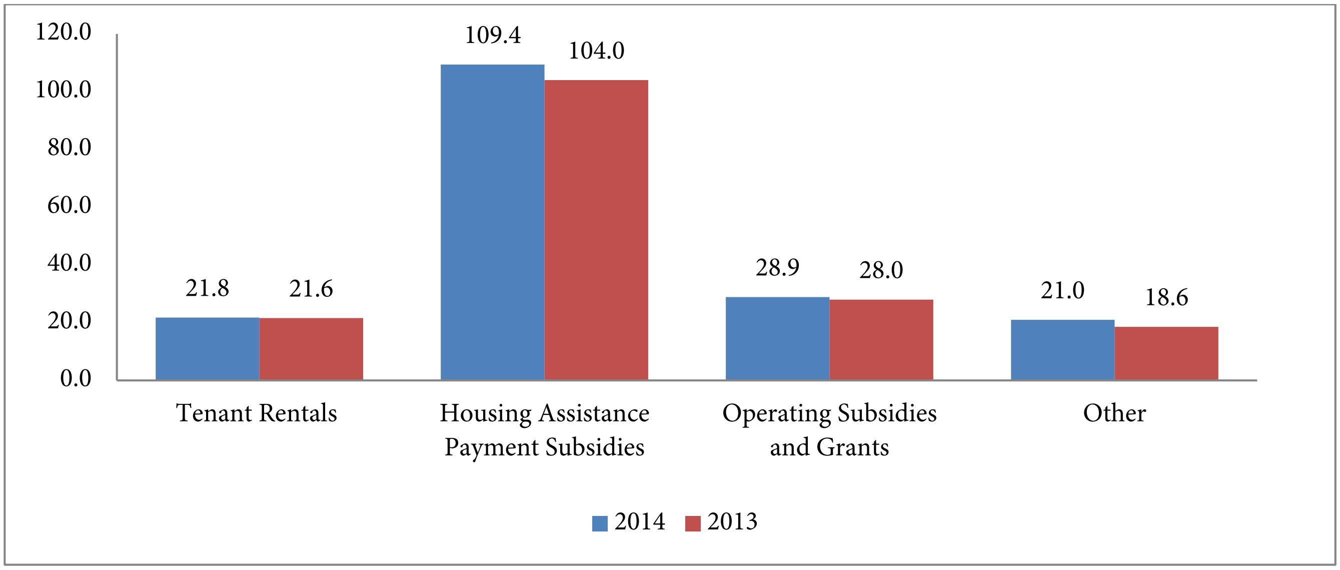
Statement of Revenues, Expenses, and Changes in Net Position

(In thousands)

		Year ended December 31	
		2014	**2013**
Operating revenues:			
Tenant rentals	$	21,832	21,550
Housing assistance payment subsidies		109,439	103,982
Operating subsidies and grants		28,898	28,020
Other		20,987	18,620
Total operating revenues		181,156	172,172
Operating expenses:			
Housing operations and administration		48,398	39,786
Tenant services		4,096	3,543
Utility services		6,112	5,991
Maintenance		18,571	17,410
Housing assistance payments		79,543	78,553
Other		1,280	966
Depreciation and amortization		9,648	10,233
Total operating expenses		167,648	156,482
Operating income		13,508	15,690
Nonoperating revenues (expenses):			
Interest expense		(4,857)	(5,499)
Interest income		3,450	461
Change in fair value of investments		(41)	(95)
Loss on investment in limited partnerships		(2,321)	(71)
Disposition of assets		(2,541)	(12)
Net nonoperating expenses		(6,310)	(5,216)
Change in net position before capital contributions		7,198	10,474
Capital contributions		21,282	17,146
Change in net position		28,480	27,620
Total net position, beginning of year		448,884	421,264
Total net position, end of year	$	477,364	448,884

Operating revenues are shown in detail in the chart below:

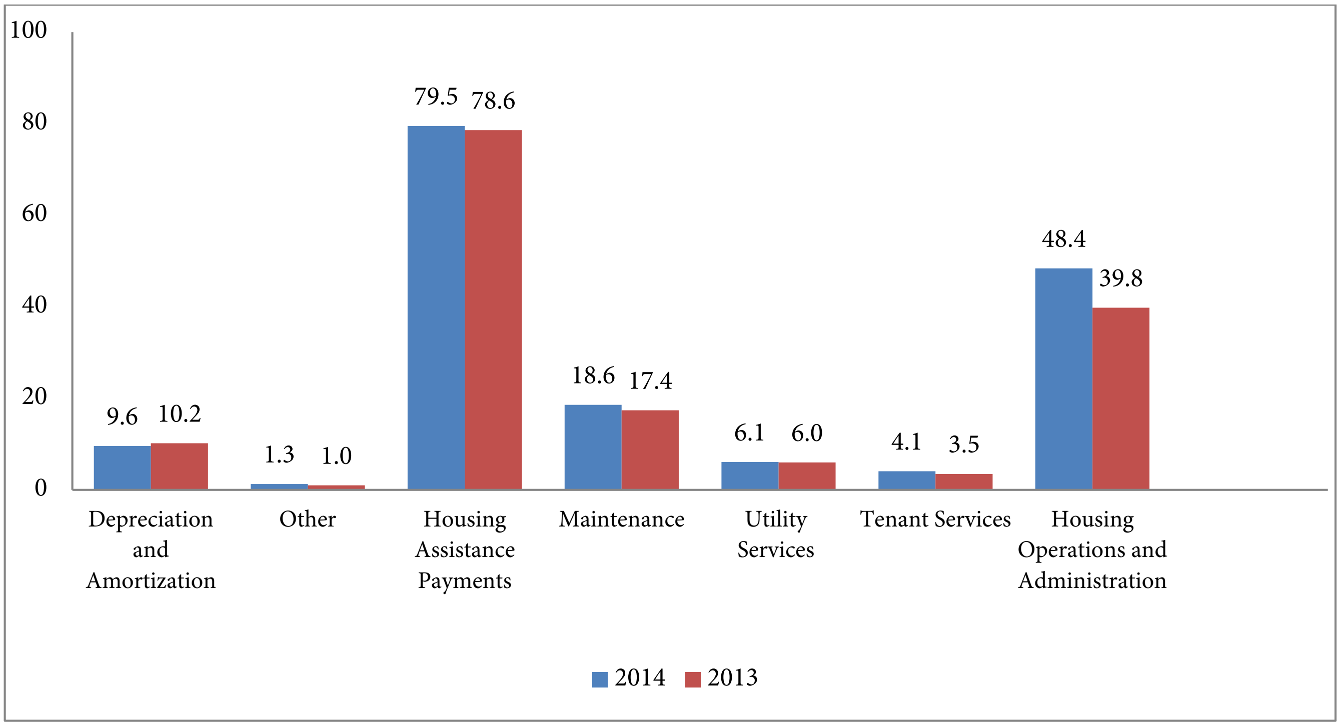
Operating Revenues – 2014 and 2013



Dollars (in millions)

Operating expenses are shown in detail in the chart below:

Operating Expenses – 2014 and 2013



Dollars (in millions)

Capital Asset and Debt Administration

The Authority reduced capital assets, net, slightly during the year ended December 31, 2014 by approximately $73,000.

The table below shows the Authority's capital assets, net of accumulated depreciation and amortization, at December 31, 2014 and 2013 (in thousands):

		2014	2013
Land	$	63,501	63,526
Land improvements		38,875	39,904
Structures		173,425	172,175
Leasehold improvements		356	446
Equipment		1,465	1,614
Construction in progress		11,465	11,495
Total capital assets, net	$	289,087	289,160

Construction in progress increased during the year as a result of redevelopment activities at Yesler Terrace including renovation of the steam plant, construction of the Baldwin Apartments, as well as infrastructure for the 1105 E. Fir site.

The following schedule shows the significant components of the construction in progress as of December 31, 2014 (in thousands):

Modernization funds – Capital grants	$	2,129
Modernization funds – Choice neighborhood grant		1,812
Yesler Infrastructure		5,751
Other programs		1,773
Total construction in progress	$	11,465

Note 5 to the Authority's basic financial statements provides additional detail regarding the changes in capital assets during the year ended December 31, 2014.

Total debt outstanding decreased from 2013 to 2014 by $11.0 million. The Authority decreased short-term borrowings by $9.1 million from payments on the real estate line of credit and the operating line of credit. Increases in bonds payable resulted from a bond refunding in 2014, which provided additional capital for improvements at buildings in the local housing portfolio.

The table below shows the Authority's outstanding debt at December 31, 2014 and 2013 (in thousands):

		2014	2013
Short-term borrowings	$	3,592	12,679
Notes payable		38,494	40,188
Bonds payable		71,195	71,409
Total debt outstanding	$	113,281	124,276

Notes 6 and 7 to the Authority's basic financial statements provide additional detail regarding the debt changes during the year ended December 31, 2014.

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 2014, the Authority earned $138.3 million in federal dollars for its operating programs and $21.3 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 $289.1 million of capital assets as of December 31, 2014.

The Authority has been engaged for more than 20 years in the redevelopment of the Authority's family communities and 24 of the Authority's 25 public housing high rises. The Authority has relied with great success on public and private mixed-financings to achieve the modernization of a substantial portion of its portfolio. The mixed-financings at these properties have used federal HOPE VI funds, Choice Neighborhoods Initiative grants, ARRA funds, Public Housing capital grant funds, and other competitive awards of federal capital funds to leverage tax credit partnership equity, grants from state and local government, equity contributions from the Authority, proceeds from sale of land, and issuances of bonds to finance the completion of these projects.

The federal government has been a principal source of funds for low-income housing operations, maintenance and capital since the enactment of the National Housing Act of 1937 (Act). While the level of federal support of public housing has ebbed and flowed with different administrations and Congresses over the decades, there is a history of federal financial support for low-income housing that dates from the Act.

The Authority has successfully weathered the challenges to date of federal budget reductions to non-defense discretionary funding resulting from the approximate $2 trillion in federal budget cuts to discretionary programs required under the Budget Control Act of 2011 and Sequestration. This has been done by investing in cost saving measures and changing our business practices to increase our efficiency with limited impacts on tenants and participants services. This did not come without a price. The Authority reduced its full-time staffing by more than 100 positions, an 18 percent cut in staff from 2010 through 2013. There was no avoiding a service impact of this level of cuts – response times for service increased; some maintenance tasks moved from annual to biennial – like window washing; caseloads increased for property management and rental voucher staff; and for a period rental assistance vouchers were not being issued to people on the waitlist. However, the Authority has continued to serve more people each year and no low income people lost their housing with the Authority as a result of the federal cuts.

Congress enacted a reprieve from Sequestration for 2014 and 2015, and as a result the Authority has had two stable years of funding and we expect 2016 to be only a modest change from 2015 funding, even with the probable reinstatement of Sequestration funding levels. That said, both the House and the Senate have recently adopted budget resolutions that call for increased reductions in non-defense discretionary budget levels beginning in 2017 and continuing for the coming decade. The next several months will tell how the House and Senate Appropriations Committees address the Budget Resolutions.

Local Housing Market Outlook

The condition of the local housing market and economy affect the Authority in three different roles: as a developer of low income housing; as a landlord that operates and maintains our own low income housing communities; and, as a participant in the private rental housing market as the provider of rental assistance to tenants who qualify for housing vouchers they use to secure affordable housing in the private sector.

Beginning in 2014, the Authority has experienced both the upsides and downsides of the "hot" housing market in Seattle. We have had success in completing sale of most remaining properties in in our redeveloped communities of High Point and Rainier Vista. This will assure completion of the private sector side of the mixed income developments of housing and commercial properties in these communities. In the Yesler Terrace redevelopment, the Authority is experiencing, along with all other developers, construction cost increases that challenge our development assumptions and budgets. Maybe most concerning is that the low income households who qualify for rental assistance vouchers are finding the private rental stock in Seattle unaffordable to them and a greater proportion of voucher holders are failing to lease a unit after up to 120 days of looking. The Authority has increased the level of rental assistance and added housing search assistance to address the affordability crisis and will continue sustainable measures to support the success of voucher holders in securing housing.

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, 190 Queen Anne Ave North, Seattle, WA 98109.

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BASIC FINANCIAL STATEMENTS

Exhibit A-1

THE HOUSING AUTHORITY OF THE CITY OF SEATTLE, WASHINGTON

Statement of Net Position

December 31, 2014

Assets	Primary government	Component units
Current assets:		
Cash and cash equivalents	$ 5,059,064	2,943,857
Restricted cash	7,984,812	18,612,696
Investments	71,478,308	—
Accounts receivable:		
Tenant rentals and service charges	613,042	291,930
Other	1,020,930	39,896
Due from:		
Other governments	3,139,311	—
Primary government	—	385,264
Component units (net of allowance of $2,319,517)	2,890,887	—
Inventory and prepaid items	378,842	4,299,935
Restricted investments	857,835	—
Unamortized charges	245,765	5,108,576
Notes receivable	730,834	—
Notes receivable from component units	30,000	—
Assets held for sale	1,047,298	—
Other assets	43,478	—
Total current assets	95,520,406	31,682,154
Noncurrent assets:		
Investments	8,823,010	—
Cash restricted for long-term purpose	996,154	—
Restricted investments	6,808,343	903,199
Due from component units (net of allowance of $12,351,162)	19,658,513	—
Assets held for sale	7,090,650	—
Other	5,466,109	9,426
Capital assets:		
Land	63,500,815	5,099,274
Land improvements	43,812,813	20,584,322
Leasehold improvements	897,974	—
Structures	385,399,705	376,541,965
Equipment	16,328,780	8,537,018
Construction in progress	11,465,698	45,295,597
Less accumulated depreciation and amortization	(232,318,561)	(88,813,592)
Capital assets, net	289,087,224	367,244,584
Notes receivable, less current portion (net of allowance of $600,625)	13,462,547	—
Notes receivable from component units, less current portion (net of allowance of $4,012,424)	207,540,789	—
Total noncurrent assets	558,933,339	368,157,209
Total assets	$ 654,453,745	399,839,363

(Continued)

Exhibit A-1

THE HOUSING AUTHORITY OF THE CITY OF SEATTLE, WASHINGTON

Statement of Net Position

December 31, 2014

Liabilities and Net Position	Primary government	Component units
Current liabilities:		
Accounts payable:		
Vendors and contractors	$ 4,895,224	8,106,649
Other	1,063,186	152,469
Accrued liabilities	3,335,925	5,257,697
Due to component units	385,264	—
Due to primary government	—	5,210,404
Security deposits	1,326,526	1,251,710
Short-term borrowings	3,592,159	—
Short-term borrowings from primary government	—	30,000
Current portion of long-term debt	3,566,951	975,896
Unearned revenue	4,306,900	34,607
Total current liabilities	22,472,135	21,019,432
Noncurrent liabilities:		
Due to primary government	—	32,009,675
Unearned revenue	43,846,836	—
Long-term payables and liabilities	478,770	1,221,758
Long-term debt, less current portion:		
Notes payable to primary government	—	211,553,213
Notes payable	37,990,203	41,618,997
Bonds payable	68,131,551	43,717,848
Accrued compensated absences	2,718,330	—
OPEB liability	1,452,000	—
Total noncurrent liabilities	154,617,690	330,121,491
Total liabilities	177,089,825	351,140,923
Net position:		
Net investment in capital assets	218,260,173	69,348,630
Restricted for debt service	10,715,889	18,264,185
Unrestricted (deficit)	248,387,858	(38,914,375)
Total net position	477,363,920	48,698,440
Total liabilities and net position	$ 654,453,745	399,839,363

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, 2014

	Primary government	Component units
Operating revenues:		
Tenant rentals	$ 21,831,866	28,684,110
Housing assistance payment subsidies	109,438,967	—
Operating subsidies and grants	28,898,006	—
Other	20,986,715	1,242,857
Total operating revenues	181,155,554	29,926,967
Operating expenses:		
Housing operations and administration	48,397,764	8,914,888
Tenant services	4,096,481	—
Utility services	6,111,734	4,714,923
Maintenance	18,570,599	6,434,954
Housing assistance payments	79,543,161	—
Other	1,279,968	2,887,008
Depreciation and amortization	9,647,672	11,677,835
Total operating expenses	167,647,379	34,629,608
Operating income (loss)	13,508,175	(4,702,641)
Nonoperating revenues (expenses):		
Interest expense	(4,857,185)	(6,870,001)
Interest income	3,449,454	57,356
Change in fair value of investments	(40,763)	(525,761)
Loss on investment in limited partnerships	(2,320,774)	—
Loss on disposition of assets	(2,540,988)	—
Net nonoperating expenses	(6,310,256)	(7,338,406)
Change in net position before contributions	7,197,919	(12,041,047)
Contributions:		
Capital contributions	21,282,443	—
Partners' contributions	—	1,423,060
Total contributions	21,282,443	1,423,060
Change in net position	28,480,362	(10,617,987)
Total net position at beginning of year	448,883,558	59,316,427
Total net position at end of year	$ 477,363,920	48,698,440

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, 2014

	Primary government
Cash flows from operating activities:	
Receipts from residents	$ 21,872,462
Receipts from other sources	20,664,621
Operating grants and subsidies received	139,612,353
Receipts from affiliates	890,245
Payments to vendors	(59,423,096)
Housing assistance payments	(79,543,161)
Payments to employees	(18,299,355)
Net cash provided by operating activities	25,774,069
Cash flows from capital and related financing activities:	
Capital contributions	22,291,414
Acquisition and construction of capital assets	(13,321,159)
Proceeds from dispositions of property and equipment	2,602,088
Proceeds from long-term borrowings	14,666,497
Principal payments on notes and bonds payable	(25,661,333)
Interest Paid	(5,049,375)
Net cash used in capital and related financing activities	(4,471,868)
Cash flows from investing activities:	
Investment income received	3,527,203
Maturity of investment securities	40,986,548
Purchases of investment securities	(55,874,796)
Increase in net investment of partnerships	(231,103)
Collections on notes receivable	286,846
Advances on notes receivable	(8,975,508)
Net cash used in investing activities	(20,280,810)
Increase in cash and cash equivalents	1,021,391
Cash and cash equivalents at beginning of year	13,018,639
Cash and cash equivalents at end of year	$ 14,040,030
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	$ 13,508,175
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization	9,647,672
Notes receivable allowance	40,536
Changes in operating assets and liabilities:	
Accounts receivable and other assets	526,228
Inventory and prepaid items	83,614
Accounts payable and other liabilities	369,669
Accrued compensated absences	21,213
Unearned revenue and other	1,576,962
Total adjustments	12,265,894
Net cash provided by operating activities	$ 25,774,069
Supplemental disclosure of noncash activities:	
Loss on disposal of assets	$ (2,540,988)
Loss on investment in limited partnerships	(2,320,774)
Transfer of assets held for sale from capital assets	25,121

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 RCW 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 6,153 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 1,029 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, the Section 8 New Construction and Substantial Rehabilitation program, and the Moderate Rehabilitation program. The Housing Choice Voucher program provides rental housing assistance subsidies in support of 10,147 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 purpose of the Section 8 New Construction and Substantial Rehabilitation program is to construct or purchase and rehabilitate rental housing units to provide decent and affordable housing to low-income, elderly, and handicapped individuals whereby rental assistance is provided by HUD. Funding of the program is provided by federal housing assistance contributions and tenant rentals. The Authority owns two housing developments totaling 130 units.

The Section 8 Moderate Rehabilitation program operates under HUD’s ACC S-0068K and consists of the operations of 759 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 829 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 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 (c) the component unit being financially dependent on the primary government.

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 unit outside of the basic financial statement totals of the primary government.

The Authority is the 0.01% owner and the general partner in 17 real estate limited partnerships as of December 31, 2014. The limited partnership interests are held by third parties unrelated to the Authority. As the general partner, the Authority has certain rights and responsibilities, which enable it to impose its will on the limited partnerships. 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. Additionally, in some cases, the Authority is legally obligated to fund operating deficits and could be liable for tax payment upon exiting the partnerships. The Authority also has outstanding loans and net advances to the limited partnerships amounting to approximately $230 million at December 31, 2014. The limited partnerships do not serve the primary government exclusively, or almost exclusively, and, therefore, are shown as discretely presented component units.

The 17 component units are: the Othello Street Limited Partnership (OSLP), Desdemona Limited Partnership (DLP), the Escallonia Limited Partnership (ELP), the High Point North Limited Partnership (HPNLP), the High Point South Limited Partnership (HPSLP), the Ritz Apartments Limited Partnership (RALP), the Alder Crest Limited Partnership (ACLP), the High Rise Rehabilitation Phase I Limited Partnership (HRRILP), the Seattle High Rise Phase II Limited Partnership (SHRIILP), Seattle High Rise Phase III Limited Partnership (SHRIIILP), Douglas Apartments Limited Partnership (DALP), Tamarack Place Limited Partnership (TPLP), Lake City Village Limited Liability Limited Partnership (LCVLLLP), Rainier Vista Northeast Limited Liability Limited Partnership (RVNLLLP), Leschi House Limited Liability Limited Partnership (LHLLLP), 1105 East Fir Limited Liability Limited Partnership (EFLLLP), and the 820 Yesler Way Limited Liability Limited Partnership (YLLLP).

The OSLP is a separate legal entity created on September 9, 1999 to undertake phase two of the redevelopment activities at the Holly Park community. Development activities are completed and the OSLP will continue to operate and manage the rental units. The Authority participates as the 0.01% managing general partner of the OSLP. During fiscal year 2000, a tax credit investor was admitted to the partnership as a 99.99% limited partner. The Authority has leased the land for phase two of the Holly Park redevelopment project to the OSLP for a nominal amount under a noncancelable 99-year operating lease. The Authority is the 0.01% general partner of the OSLP and is obligated to fund an operating deficit up to $250,000. On January 1, 2015, the OSLP was dissolved and all assets and obligations were transferred to the Authority.

The DLP is a separate legal entity created on May 10, 2002 to undertake phase three of the redevelopment activities at the Holly Park community. Development activities are completed and the DLP will continue to operate and manage the rental units. The Authority has leased the land for phase three of the Holly Park redevelopment project to the DLP for a nominal amount under a noncancelable 99-year operating lease. The Authority is the 0.01% general partner of the DLP and is obligated to fund an operating deficit without limitation as to amount. As of December 31, 2014, the DLP owed the Authority for developer fees in the amount of $2,319,517.

The ELP is a separate legal entity created on May 10, 2002 to undertake phase one of the redevelopment activities at the Rainier Vista community. Development activities are complete and the ELP will continue to operate and manage the rental units. The Authority participates as the 0.01% managing general partner of the ELP. The Authority has leased the land for phase one of the Rainier

Vista redevelopment project to the ELP for a nominal amount under a noncancelable 99-year operating lease. As of December 31, 2014, the ELP owed the Authority for developer fees in the amount of $485,418.

The HPNLP is a separate legal entity created on October 31, 2003 to undertake phase one of the redevelopment activities at the High Point community. The Authority participates as the 0.01% managing general partner of the HPNLP. The Authority has leased the land for phase one of the High Point redevelopment project to the HPNLP for a nominal amount under a noncancelable 99-year operating lease. The Authority is obligated to fund operating or other cash shortfalls of the partnership. The amount the Authority is obligated to fund is unlimited prior to the project's stabilization date, as defined in the limited partnership agreement, and is limited to $1,200,000 after the project's stabilization date. The amount is further limited to $750,000 after 10 consecutive years of the partnership's operating subsidy being fully funded. As of December 31, 2014, the HPNLP owed the Authority developer fees in the amount of $1,587,986.

The HPSLP 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 HPSLP. The Authority has leased the land for phase two of the High Point redevelopment project to the HPSLP for a nominal amount under a noncancelable 99-year operating lease. The Authority is obligated to fund operating or other cash shortfalls of the partnership. As of December 31, 2014, the HPSLP owed the Authority $2,193,544 for developer fees.

The RALP is a separate legal entity created on August 12, 2004 to undertake rehabilitation of the Ritz Apartments. During fiscal year 2005, the RALP admitted a tax credit investor to the partnership as a 99.99% limited partner. The Authority participates as the 0.01% managing general partner of the RALP. The land and building are leased to the partnership under a 75-year financing lease. The partnership agreement does not specify the obligation of the general partner in regard to funding operating shortfalls. As of December 31, 2014, the RALP owed the Authority $170,515 for developer fees.

The ACLP is a separate legal entity created on January 1, 2005 to undertake rehabilitation of the Alder Crest Apartments. The ACLP admitted a tax credit investor to the partnership as a 99.99% limited partner. The Authority participates as the 0.01% managing general partner of the ACLP. The Authority has leased the building to ACLP under a 75-year financing lease. The Authority is required to fund the operating deficit without limitation through operating deficit loans. Upon dissolution and liquidation of the partnership, the general partner obligation to fund operating deficits through operating deficit loans shall continue in an additional amount not to exceed $109,615. As of December 31, 2014, the ACLP owed the Authority oversight developer fees amounting to $39,748.

The HRRILP 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 partner. The Authority is required to provide operating subsidies sufficient to cover the difference between tenant rental income and operating expenses as well as

(Continued)

contributions to reserve accounts. As of December 31, 2014, the HRRILP has no outstanding developer fee payable to the Authority.

The SHRIILP 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 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, 2014, the SHRIILP has no outstanding developer fee payable to the Authority.

The SHRIIILP 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 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, 2014, the SHRIIILP has no outstanding developer fee payable to the Authority.

The DALP is a separate legal entity created on September 17, 2007 to undertake rehabilitation of the Douglas Apartments, which were purchased by the Authority during the year. The DALP admitted a tax credit investor to the partnership as a 99.99% limited partner. The Authority participates as the 0.01% managing general partner of the DALP. 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, 2014, the DALP owed the Authority developer fees in the amount of $283,146.

The TPLP 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, the TPLP admitted a tax credit investor to the partnership as a 99.99% limited partner. The Authority participates as the 0.01% managing general partner of the TPLP. The Authority has a 99-year lease for the land to the partnership for a nominal amount. If an operating deficit exists, the general partner is obligated to loan the partnership up to $350,000. As of December 31, 2014, TPLP owed the Authority developer fees in the amount of $193,698.

The LCVLLLP 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, the LCVLLLP admitted a tax credit investor to the partnership as a 99.99% limited partner. The Authority participates as the 0.01% managing general partner of the LCVLLLP. The partnership has a 55-year capital lease for the land with the Authority for $2,750,000 of which $1,675,000 is payable as of December 31, 2014. If an operating deficit exists, the Authority is obligated to contribute funds to the partnership up to $515,000. As of December 31, 2014, LCVLLLP has no developer fees owed to the Authority.

(Continued)

The RVNLLLP 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, the RVNLLLP admitted a tax credit investor to the partnership as a 99.99% limited partner. The Authority participates as the 0.01% managing general partner of the RVNLLLP. The Authority has a 99-year lease for the land to the partnership for a nominal amount. 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, 2014, RVNLLLP has no outstanding developer fees payable to the Authority.

The LHLLLP 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 2014, the LHLLLP admitted a tax credit investor to the partnership as a 99.99% limited partner. The Authority participates as the 0.01% managing general partner of the LHLLLP. The Authority has a long-term lease 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, 2014, the LHLLLP owed the Authority developer fees in the amount of $540,000.

The EFLLLP 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, the EFLLLP admitted a tax credit investor to the partnership as a 99.99% limited 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. After that date, operating the obligation will be limited to $384,000. The Authority participates as the 0.01% managing general partner of the EFLLLP. As of December 31, 2014, no developer fees were owed to the Authority.

The YLLLP is a separate legal entity created on October 23, 2012 to undertake the second phase of the redevelopment of Yesler Terrace with the construction of an 83-unit apartment project. During 2014, the YLLLP 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 YLLLP. The partnership has leased the land from the Authority for 99 years for a nominal amount. If the are insufficient funds in the operating deficit reserve, the Authority is obligated to provide noninterest-bearing loans to the partnership. As of December 31, 2014, no developer fees were owed to the Authority.

All 17 component units have a December 31 year-end. The component units' financial statements are presented as of December 31, 2014 and may be obtained by contacting the Authority.

The Ravenna School Limited Partnership (RSLP) was a separate legal entity formed in 1998 to take advantage of low-income housing tax credits needed to finance the planned rehabilitation of the Ravenna School Apartments. On August 31, 2014, the limited partner (WAMU Affordable Housing Fund Limited Partnership) assigned its share in the partnership to the general partner (the Authority). The Authority paid $1 to the limited partner and assumed the debt of the partnership to complete the transaction. Prior to the merger, RSLP was reported as a discretely presented component unit of the Authority.

(c) New Accounting Standards Adopted

GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*, establishes accounting and financial reporting standards related to government combinations and disposals of government operations. The provisions of this Statement are effective for financial periods beginning after December 15, 2013. As of January 1, 2014, the Authority adopted the above GASB standard, which requires retrospective application. As a result of the RSLP government combination discussed previously, certain assets and liabilities were eliminated including accounts receivables and payables between the two entities as well as a loan receivable. The transaction resulted in the following increases and decreases in the 2013 amounts reported for the primary government and component units:

		Primary government	Component units
Current assets	$	187,481	(187,481)
Write-off deferred charges		—	(3,177)
Capital assets, net		703,814	(703,814)
Inter-entity receivables/payables		(260,245)	260,245
Inter-entity notes receivables/payables		(529,727)	529,727
Current liabilities		(18,905)	18,905
Allowance for loss on interest receivable		15,894	—
Net position	$	98,312	(85,595)

GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, will improve accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees. A government that extends a nonexchange financial guarantee will need to recognize a liability when qualitative factors and historical data, if any, indicate that it is more likely than not that the government will be required to make a payment on the guarantee. The provisions of this Statement are effective for reporting periods beginning after June 15, 2013. The adoption of this GASB standard in 2014 did not have a material impact on the Authority's financial statements.

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

GASB Statement No. 68, *Financial Reporting for Pensions – an amendment of GASB No. 27*, improves accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. The requirements of this Statement are effective for periods beginning after June 15, 2014.

(Continued)

GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, addresses an issue regarding application of the transition provisions of Statement No. 68. The provisions of this Statement are effective for periods beginning after June 15, 2014.

GASB Statement No. 72, *Fair Value Measurement and Application,* defines fair value and describes how fair value should be measured, what assets and liabilities should be measured at fair value, and what information about fair value should be presented in the notes to the financial statements. The provisions of this Statement are effective for periods beginning after June 15, 2015.

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 for qualified residents for housing assistance payments in the Section 8 program and 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 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 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 and 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 and when grant moneys 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 Local Government Investment Pool, which is carried at amortized cost. Fair value is determined based on quoted market prices for the investments.

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 market 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 represent 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 collectibility of the related receivable in uncertain.

(h) Inventories and Prepaid Items

Inventories are stated at lower of cost or market value 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 in a subsequent fiscal year.

(i) Unamortized Charges

Unamortized charges consist of bond discounts, which are amortized over the term of the related note or bond.

(j) Capital Assets and Depreciation

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 expenses. All capital assets with a value greater than $1,000 and a useful life of over one year are capitalized. Assets acquired through contribution are recorded at the fair value on the date donated.

Capital assets are generally depreciated on the straight-line method over estimated useful lives as follows:

Land improvements	50 years
Leasehold improvements	10 years
Structures	40–75 years
Equipment	3–10 years

(k) Accounts Payable – Other

Other accounts payable include payables for escrow accounts related to construction activities and the Section 8 Family Self-Sufficiency program, as well as miscellaneous payables related to payroll costs.

(l) 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 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 employees' date of hire. Employees are paid for all accumulated vacation pay upon termination.

The Authority recognizes and compensates employees for nine 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 7(a) for detailed schedule.

(m) Management Fees

The Authority manages two residential rental properties for HUD. For the year ended December 31, 2014, the Bay View Tower project paid the Authority management fees of $52,452, which is equal to 5.2% of net rental revenues received. Market Terrace paid the Authority management fees of $13,284 based on a fee of $1,107 per month.

(n) 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 2014.

(o) Unearned Revenue

The Authority has unearned revenue resulting from operating lease payments received from eight of its discretely presented component units: the RALP, the ACLP, the DALP, the LCVLLLP, the HRRILP, the SHRIILP, the SHRIIILP, and LHLLLP. The lease payments are recognized over the lease terms and unearned lease payments are shown as unearned revenue.

In addition, the Authority also 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.

(p) 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.

(q) Pension Plans

The Authority reports pensions in accordance with GASB Statement No. 27 (GASB 27), *Accounting for Pensions by State and Local Governmental Employers*. GASB 27 requires the Authority to record a net pension obligation (benefit) for the difference between the required and actual employer contributions to its pension plans. The Authority funds all required contributions.

(r) 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 and deferred outflows and liabilities and deferred inflows, 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, 2014, the Authority's carrying amount of deposits (excluding petty cash and U.S. Post Office deposits) was $14,033,784 and the bank balance was $15,025,120. 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 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 Chapter 39.58 of the Revised Code of Washington. In addition to bank deposits, the Authority has $2,500 held at the U.S. Post Office and $3,746 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 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 Washington State Local Government Investment Pool (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 Security and Exchange Commission's Rule 2a-7 of the Investment

Company Act of 1940. As such, the LGIP uses amortized cost to report net position and share prices since that amount approximates fair value.

The Authority intends to adhere 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. However, the Authority's indirect exposure to any risks arising from derivative instruments utilized by such funds and programs is unknown.

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, 2014, 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 Local Government Investment Pool.

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). Although the Authority has a large percentage of its portfolio invested in the Local Government Investment Pool, this is not considered a risk due to the diversification within the pool.

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 10 years	Total
Money market funds	n/a	$ 3,430,536	—	—	3,430,536
U.S. agency securities	AAA	—	8,823,009	3,377,807	12,200,816
State investment pool	n/a	72,336,144	—	—	72,336,144
Total investments		$ 75,766,680	8,823,009	3,377,807	87,967,496

Investments are presented in the following financial statement captions in statement of net position as investments, current and noncurrent and restricted investments, current and noncurrent.

(c) Component Unit Deposits

As of December 31, 2014, the component units' carrying amount of deposits (excluding petty cash) was $21,555,553 and the bank balance was $21,474,851. 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 Chapter 39.58 of the Revised Code of Washington. In addition to bank deposits, the component units have $1,000 in petty cash funds.

(d) Component Unit Investments

As of December 31, 2014, investments of $903,199 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 guaranteed investment contracts collateralized by U.S. government investment securities. As of December 31, 2014, all investments were insured or registered, and held by the component unit or its agent in the component unit's name, or uninsured and unregistered, with securities held by the counterparty's trust department or agent in the component unit's name. Therefore, the investments are not exposed to custodial risk.

The component units of the Authority are subject to the same concentration of credit risk, credit risk, and interest rate risk as the Authority. The chart below shows the exposure to these risks:

	S&P credit rating	N/A or less than 1 year	More than 10 years	Total
U.S. government money market funds	n/a	$ 326,576	—	326,576
Yield agreements	n/a	—	576,623	576,623
Total investments		$ 326,576	576,623	903,199

(3) Restricted Cash and Investments

(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. The Authority held security deposits for residential tenants as well as commercial tenants as of December 31, 2014 as shown in the schedule below:

	Residential	Commercial	Total
Total security deposits	$ 1,183,701	142,825	1,326,526

(b) Bond Trust Funds and Mortgage Reserves

As of December 31, 2014, 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 bear no interest.	$	246,000
Cash is held for replacement reserves on the public housing units of the Othello Limited Partnership. Interest is paid at approximately 0.2% as of December 31, 2014.		206,951
Cash is 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 money market funds and bear no interest.		847,906
Investments for the Longfellow Creek bonds are restricted for the payment of principal and interest. The investments consist of notes, mortgages, and contracts and bear no interest.		244,910
Cash is held for Tamarack commercial property for operating reserves as required by the loan agreement. The account bears interest at 0.20%.		30,185
Investments for the Wisteria Court bonds are restricted for the payment of principal and interest. The investments consist of GNMA securities and bear interest at approximately 4.95%.		3,455,459
Reserves are held in restricted cash accounts for the mortgage on Wedgwood Estates and bear interest at approximately 0.10%.		1,256,573
Reserves are held in restricted cash accounts for taxes and insurance for Wedgewood Estates and bear no interest.		123,017
Reserves are held in restricted cash accounts for the mortgage on Wisteria Court Apartments and bear interest at approximately 0.08%.		271,833
Reserves are held in restricted cash accounts for taxes and insurance for Wisteria Court Apartments and bear no interest.		37,076
Restricted cash is held for Bayview Tower and Lake City Commons replacement reserves. The investments consist of money market funds and bear interest at approximately 0.20%.		514,232
Restricted cash is held for the Beacon operating reserves and replacement. reserves. The funds consist of money market funds and bear interest at approximately 0.20%.		117,404
Reserves are held in restricted cash accounts for the capital replacement and operations of Villa Park and bear interest at approximately 0.20%.		100,800

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Notes to Basic Financial Statements

December 31, 2014

		Balance
Reserves are held in restricted cash accounts for the capital replacement and operations of Telemark, Mary Avenue, Montridge, Longfellow Creek, Main St Apts, Main Street Place, Yesler Court, and New Holly Phase I, bearing interest at approximately 0.20%.	$	1,024,197
Investments are held for the Holly Park Phase I bonds and are restricted for payment of principal and interest. The funds are invested mainly in highly liquid, short-term U.S. Treasury obligations. The interest rate was 0.01%.		276,888
Reserves are held in restricted cash accounts for the Holly Park Phase I operating reserve and tax credit replacement reserve and bear interest at approximately 0.20%.		2,258,767
Restricted cash is held in money market accounts for debt service on High Rise Rehabilitation projects, bearing no interest.		520
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 0.20%.		138,775
Restricted cash is held for critical repairs at Wedgewood Estates related to the refinancing of the building. The account bears interest at 0.10%.		388,030
Restricted cash held for bond activity related to the Douglas Apartment bonds. The account bears no interest.		234,725
Reserves are held in cash accounts for Raveena School replacement reserves and bear interest at approximately 0.15%		184,591
Restricted investments held for critical repairs at Montridge, Replacement housing properties and Yesler Court related to the 2013 bond refunding. The account bears no interest.		571,904
Restricted 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 no interest.		379,164
Restricted money market funds 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 no interest.		862,000
Restricted money market funds are held for critical repairs 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 no interest.		201,000
Total	$	13,972,907

(c) Other Restricted Funds

As of December 31, 2014, restricted cash amounts of $478,770 are held in trust for the Family Self-Sufficiency (FSS) program. Families in the Section 8 and Low Rent programs may sign up for the FSS program and any rent increase due to an increase in income may be deposited into an escrow account. The tenant may request reimbursement from the trust account for certain allowable expenditures.

Restricted cash amounts of $314,110 are held for retainage for construction projects.

HUD requires the Authority to maintain restricted investments equal to the required reserves for the Market Terrace project. HUD must approve any release or disbursement of reserve funds in advance. Restricted investments for required reserves of $82,981 were held as of December 31, 2014.

Restricted cash amounts of $85,220 are held in the Development fund for the Dream Big Scholarship fund, which provides scholarships for residents of the Authority's communities.

Restricted cash amounts of $223,146 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 $447.

Restricted cash amounts of $163,484 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 $326.

(Continued)

(4) Notes Receivable

(a) Other Than from Component Units

		December 31, 2014	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 on January 31, 2050.		1,200,000	—
Two notes due from the Low Income Housing Institute (LIHI), a Washington nonprofit corporation, and the Lakeview Apartments Limited Partnership. The note in the amount of $494,600 bears interest at 3% annually and all interest and principal will be forgiven December 2040, if the project is operated according to the loan regulatory agreement. The note in the amount of $4,771 bears interest at 6% annually and is due January 2016. Principal and interest payments of $5,058 are due annually.		499,371	4,771
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	—
Notes due from the Mount Baker Housing Association for the Starlighter Apartments, which are 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	—

		December 31, 2014	Due within one year
Due from the Retirement Housing Foundation. The note requires annual payments and is payable in full by December 2016. The interest rate is approximately 3.27%.	$	381,207	187,538
Due from Madison Housing Partners Phase I, LLC and Madison Housing Partners Phase II, LLC. The notes are for the Views at Madison Apartments I and Views at Madison II, respectively, 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	—
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.		804,665	26,525
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	—

		December 31, 2014	Due within one year
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	—
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. Principal and interest are due on the maturity date.		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 is secured by a deed of trust on the property and bears no interest. The note matures on August 31, 2054.		210,000	—
Due from Homestead Community Land Trust for three properties purchased from the Authority. The notes are secured by deeds of trust, assignments of rent, security agreement, and fixture filing and bear interest at 0.39%. Principal and interest are due when the property is old to a qualified low-income borrower or December 31,2015.		512,000	512,000
Allowance for loss		(600,625)	—
Total notes receivable, net	$	14,193,381	730,834

The Authority has gross notes receivable and an allowance of $5,487,556 for loans made to Neighborhood House, Boys and Girls Club, and Solid Ground 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, 2014	Due within one year
Two notes due from High Rise Rehabilitation Phase I Limited Partnership. 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, 2014, the amount of interest payable to the Authority was $4,144,250.	$	24,000,000	—
Two notes due from Escallonia Limited Partnership. One note in the amount of $13,430,695 and one note in the amount of $9,916,399. Both notes bear interest at 1% per annum and mature in fiscal year 2058. Interest payments are due annually from available net cash flows. As of December 31, 2014, interest payable to the Authority was $2,159,950.		23,347,094	—
Two notes due from High Point North Limited Partnership in the amounts of $8,500,000 and $16,652,733. The notes bear compounding interest at 1% per annum and mature in fiscal year 2054. Interest payments are due annually from available net cash flows. As of December 31, 2014, interest payable to the Authority was $2,752,857.		25,152,734	—
Due from Ritz Apartments Limited Partnership. The note bears interest at 1% per annum and matures December 31, 2054. Principal and interest payments are due annually from available cash flows. Interest payable to the Authority on December 31, 2014 was $44,313.		265,856	—

		Balance December 31, 2014	Due within one year
Due from Alder Crest Limited Partnership. The note bears simple interest at 5% per annum and matures March, 2057. Interest payable to the Authority on December 31, 2014 was $93,847.	$	220,000	—
Due from Alder Crest Limited Partnership. The note bears simple interest at 0.5% per annum beginning January 1,2014. The loan shall not exceed $371,816 and matures January 31,2029. Interest payable to the Authority on December 31, 2014 was $609.		121,815	—
Due from the Othello Street Limited Partnership. Two notes due in the amounts of $4,195,384 and $2,000,000. Both notes bear interest at 1% per annum and interest only payments are due to the Authority from available net cash flows. The notes mature on July 1, 2051. As of December 31, 2014, interest payable to the Authority was $900,368.		6,195,384	—
Two notes due from Desdemona Limited Partnership. One note in the amount of $10,149,991 bears interest at 3% per annum and the other note in the amount of $2,739,144 bears interest at 1% per annum. Both notes require interest-only payments from available net cash flows and both notes mature March 1, 2058. Interest due to the Authority as of December 31, 2014 was $3,783,737.		12,889,135	—
Two notes due from High Point South Limited Partnership 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, 2014, interest payable to the Authority was $704,675.		13,212,665	—

(Continued)

	Balance December 31, 2014	Due within one year
Two notes due from Seattle High Rise Rehab Phase II Limited Partnership 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 3.50% thereafter. Both notes mature December 21, 2046. As of December 31, 2014, interest payable to the Authority was $5,816,455.	$ 28,051,551	—
Two notes due from Seattle High Rise Rehab Phase III Limited Partnership 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, 2014, interest payable to the Authority was $4,198,289.	20,950,000	—
Due from Tamarack Place Limited Partnership. The note bears interest at 1% per annum and matures in 2049. Interest payments are due annually from available net cash flows. As of December 31, 2014, interest payable to the Authority was $546,000.	10,400,000	—
Two notes due from Rainier Vista Northeast LLLP. One note in the amount of $10,700,000 and one note in the amount of $6,604,268. Both notes bear interest at 0.25% per annum and mature in 2060. Interest payments are due annually from available cash flows. As of December 31, 2014, interest payable to the Authority was $619,491.	16,604,268	—
Due from Lake City Village LLLP. The amount of the note is up to $16,402,326. The note accrues interest at 0.8% per annum and matures May 2065. As of December 31, 2014, interest payable to the Authority was $541,836.	16,358,505	—
Due from Douglas Apartments Limited Partnership for bond proceeds. The note accrues interest at 4.80% per annum and matures June 2040. As of December 31, 2014, interest payable to the Authority was $7,800.	1,840,000	30,000

		Balance December 31, 2014	Due within one year
Due from 1105 E Fir LLLP . The note accrues interest at 3.0% per annum and is payable annually from cash flows. The note matures April 1, 2065. As of December 31, 2014, interest payable to the Authority interest payable to the Authority was $181,755.	$	6,894,580	—
Due from 820 Yesler Way LLLP. The note accrues interest at 2.5% and matures in 2069. As of December 31,2014 interest payable to the Authority was $22,161.		3,404,626	—
Allowance for loss		(2,337,424)	—
Total notes from component units, net	$	207,570,789	30,000

The Authority has gross notes receivable and an allowance of $1,675,000 for a loan made to Lake City Village LLLP, which is excluded from the table above. The allowance fully covers the loan, which is payable to the Authority and dependent on uncertain cash flows. Interest payable to the Authority as of December 31, 2014 was $187,746.

(Continued)

(5) Capital Assets

The following is a summary of changes in capital assets of the Authority for the year ended December 31, 2014:

	Balance January 1, 2014	Additions and transfers-in	Dispositions and transfers-out	Balance December 31, 2014
Capital assets, not being depreciated:				
Land	$ 63,525,936	—	(25,121)	63,500,815
Construction in progress	11,494,782	20,378,012	(20,407,096)	11,465,698
Total capital assets, not being depreciated	75,020,718	20,378,012	(20,432,217)	74,966,513
Depreciable capital assets:				
Land improvements	43,812,813	—	—	43,812,813
Structures	377,426,867	11,316,570	(3,343,732)	385,399,705
Leasehold improvements	897,974	—	—	897,974
Equipment	16,442,031	402,342	(515,593)	16,328,780
	438,579,685	11,718,912	(3,859,325)	446,439,272
Less accumulated depreciation and amortization for:				
Land improvements	(3,908,510)	(1,029,274)	—	(4,937,784)
Structures	(205,252,339)	(7,757,337)	1,035,388	(211,974,288)
Leasehold improvements	(452,261)	(89,798)	—	(542,059)
Equipment	(14,827,635)	(547,580)	510,785	(14,864,430)
Total accumulated depreciation and amortization	(224,440,745)	(9,423,989)	1,546,173	(232,318,561)
Total capital assets, being depreciated, net	214,138,940	2,294,923	(2,313,152)	214,120,711
Total capital assets, net	$ 289,159,658	22,672,935	(22,745,369)	289,087,224

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.

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 Initiative 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 of Seattle. These transfers occur when the projects are complete.

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, 2014:

	Balance January 1, 2014	Additions and transfers-in	Dispositions and transfers-out	Balance December 31, 2014
Capital assets, not being depreciated:				
Land	$ 5,099,274	—	—	5,099,274
Construction in progress	8,743,112	36,552,485	—	45,295,597
Total capital assets not being depreciated	13,842,386	36,552,485	—	50,394,871
Depreciable capital assets:				
Land improvements	20,544,250	40,072	—	20,584,322
Structures	376,541,965	—	—	376,541,965
Equipment	8,485,635	51,383	—	8,537,018
	405,571,850	91,455	—	405,663,305
Less accumulated depreciation for:				
Land improvements	(8,059,121)	(1,298,354)	—	(9,357,475)
Structures	(62,471,013)	(9,628,123)	—	(72,099,136)
Equipment	(6,911,487)	(445,494)	—	(7,356,981)
Total accumulated depreciation	(77,441,621)	(11,371,971)	—	(88,813,592)
Total capital assets, being depreciated, net	328,130,229	(11,280,516)	—	316,849,713
Total capital assets, net	$ 341,972,615	25,271,969	—	367,244,584

(6) Short-Term Borrowings

The Authority maintains a $6 million line of credit, which provides the Authority with a ready means of short-term financing for general operations of the Authority. The line of credit bears interest at 65% of the bank's prime rate plus 0.96%, or 3.07% at December 31, 2014, which is payable monthly. The line of credit matures August 2015 and may be extended by the Executive Director of the Authority annually until August 2016, with the consent of the bank as long as the interest rate formula does not produce rates greater than two percent higher than the previous rate formula. There were no amounts outstanding at December 31, 2014.

The Authority maintains a $15 million revolving real property line of credit in order to provide a ready means of financing real property acquisitions. The Authority entered an agreement with the bank effective June 22, 2010. Under the terms of the agreement, the line of credit is split into series A in the amount of $9.25 million and series B in the amount of $5.75 million. Series A bears interest at 65.01% of the bank's prime rate plus 0.96% and is for a term of one year. The line may be extended annually by the Executive Director until June 22, 2015 with consent of the bank. The rate at December 31, 2014 was 3.07%. Series B has a three-year term and may be extended for an additional three-year term by the Executive Director until June 22, 2016 with consent of the bank. Series B bears interest at 65.01% of the bank's prime rate plus 0.96%, or 3.07% as of December 31, 2014. As of December 31, 2014, no amounts were outstanding on either portion of the line of credit.

The Authority has also established a $7 million revolving taxable line of credit for the purpose of obtaining bridge financing for the Authority's acquisition of commercial or other nontax-exempt properties over the next five to seven years. The line of credit bears interest at Key Bank's prime rate minus 0.9%, or 2.35% as of December 31, 2014, which is payable monthly. The line matures on December 3, 2015, and is renewable annually through 2015. The total amount outstanding at December 31, 2014 was $3,592,159.

THE HOUSING AUTHORITY OF THE CITY OF SEATTLE, WASHINGTON

Notes to Basic Financial Statements

December 31, 2014

The following is a summary of changes in the Authority's short-term borrowings for the year ended December 31, 2014:

	Balance January 1, 2014	Additions	Retirements	Balance December 31, 2014
Real estate line of credit for purchase of 12-plex at 5983 Rainier Ave S.	$ 439,856	—	439,856	—
Real estate line of credit for purchase of 5-plex at 924 MLK Jr Way South.	326,650	—	326,650	—
Real estate line of credit for purchase of two triplexes on Delridge Way SW.	451,380	—	451,380	—
Real estate line of credit payable for 7343 MLK Jr Way S.	1,083,625	—	1,083,625	—
Real estate line of credit payable for various properties including Highpoint substation, 109 12th Ave, 5656 32nd Ave SW, and 3200 SW Juneau.	957,591	—	957,591	—
Real estate line of credit payable for the purchase of land at 38th & S Willow.	250,358	—	250,358	—
Operating line of credit payable for purchase of the Salvation Army Building.	532,482	—	532,482	—
Taxable line of credit for purchase of properties in the Development fund, including 103 12th Ave S, 6058 35th Ave SW, and 113 & 117 12th Ave. During the year, the portion for 6919 MLK Jr Way S was repaid.	2,843,038	—	380,176	2,462,862
Real estate line of credit for purchase of 6-plex at 3809 Willow.	580,274	—	580,274	—
Real estate line of credit for purchase of Lee Apartments.	1,058,400	—	1,058,400	—
Taxable line of credit payable for purchase of 6558 35th Ave SW.	988,574	—	988,574	—
Real estate line of credit for purchase of the Baldwin Apartments.	335,899	—	335,899	—

	Balance January 1, 2014	Additions	Retirements	Balance December 31, 2014
Taxable line of credit for purchase of Apartments at 6927 MLK Jr Way S.	$ 1,129,297	—	—	1,129,297
Real estate line of credit for Main Street properties pending refinance.	1,514,134		1,514,134	—
Taxable line of credit for Main Street commercial pending refinance.	187,140	—	187,140	—
Total short-term borrowings	$ 12,678,698	—	9,086,539	3,592,159

(7) 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, 2014:

	Balance January 1, 2014	Additions	Retirements	Balance December 31, 2014	Due within one year
Loan payable to the City of Seattle for the Epstein Building remodel financed by HUD Community Development Block Grant funds. The loan will be fully forgiven on December 31, 2017 if the property is kept for low-income use.	$ 200,000	—	—	200,000	—

(Continued)

	Balance January 1, 2014	Additions	Retirements	Balance December 31, 2014	Due within one year
Notes payable issued in 1998 to the City of Seattle's General Fund, Urban Renewal, and Capital Facilities Fund for New Holly 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.	$ 2,417,263	—	—	2,417,263	—
Note payable to the City of Seattle's Housing Development fund for New Holly 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 New Holly 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, 2014	Additions	Retirements	Balance December 31, 2014	Due within one year
Note payable to the State of Washington for the Villa Park project. Interest accrues at 1% per year compounded monthly, with 50 annual payments of $27,698. The note is secured by a deed of trust on the property.	$ 795,022	—	19,748	775,274	19,945
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	—
Mortgage loan for Wedgewood Estates payable to CBRE. Term is 35 years, with final maturity September 1, 2046. The interest rate is 4.10% with monthly payments of $75,102. The loan is guaranteed with FHA insurance.	16,208,496	—	241,178	15,967,318	229,922

	Balance January 1, 2014	Additions	Retirements	Balance December 31, 2014	Due within one year
Mortgage loan for Wisteria Court payable to Prudential. Term is 35 years, with final maturity August 1, 2038. The interest rate is 5.51%, with monthly payments of $21,114. The loan is guaranteed with FHA Insurance.	$ 3,424,281	—	66,354	3,357,927	70,103
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	—
Note payable to City of Seattle, Office of Housing for future development at Othello Station, 7301 MLK Jr Way S. Loan will be forgiven if development agreements have been finalized on or before the maturity date of December 2014. The interest rate is 3% per annum and payable on the maturity date.	2,000,000	—	2,000,000	—	—
Note payable to State Office of Community Trade and Economic Development for New Holly Phase I. The note is secured by a lien on the property and matures December 31, 2040.	1,700,000	—	—	1,700,000	—

	Balance January 1, 2014	Additions	Retirements	Balance December 31, 2014	Due within one year
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. Forgivable on maturity date December 2049.	879,273	—	—	879,273	—
Loan payable to the City of Seattle for utility infrastructure at New Holly Rainier Visa and High Point. The loan matures July, 2019 and bears interest at 2.5%.	999,776	—	164,933	834,843	169,096
Loans payable to Seattle Office of Housing for the rehab of Nelson Manor. The loan bears interest at 1%, which is payable at maturity, in August 2061.	478,065	—	—	478,065	—
Loan payable to Seattle Office of Housing for the rehab of Olmsted Manor. The loan is payable at maturity, August 2061.	477,974	—	—	477,974	—
Loan payable to Seattle Office of Housing for the rehab of Blakely Manor. The loan is payable at maturity November 18, 2061. Interest rate is 1%.	984,155	—	—	984,155	—
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.	114,212	—	—	114,212	—

(Continued)

	Balance January 1, 2014	Additions	Retirements	Balance December 31, 2014	Due within one year
Loan payable to WA State Community Reinvestment Assn for Tamarack Commercial property. Term is 15 years. Note bears interest at 6.5% and is due March, 2027.	$ 1,065,697	—	13,615	1,052,082	14,527
CDBG loan payable to City of Seattle for Yesler Terrace redevelopment. Principal and interest at 1% are due at maturity, December 1, 2064.	—	375,027	—	375,027	—
CDBG loan payable to City of Seattle for Yesler Terrace redevelopment. Principal and interest at 1% are due at maturity, December 1, 2065. for Yesler Terrace	—	436,470	—	436,470	—
Total notes payable	40,188,127	811,497	2,505,828	38,493,796	503,593
Bonds payable for the Wallingford property in annual payments of $64,716, including interest at 7%; final due date is January 11, 2015. The bonds are secured by a pledge of the general revenues of the Authority.	67,324	—	61,966	5,358	5,358
Bonds payable tax-exempt series A and taxable series B for the Gamelin and Genesee commercial condo units. Annual payments are approximately $300,000 and interest rates are 5.7% and 7.5%. Final due dates are October 31, 2035 and October 31, 2020. Bonds are secured by a pledge of the general revenues of the Authority.	3,325,000	—	97,000	3,228,000	108,000

	Balance January 1, 2014	Additions	Retirements	Balance December 31, 2014	Due within one year
Bonds payable for the High Rise Rehabilitation project, Phase I. The bonds mature on November 1, 2025 and bear interest of 4.868%. The bonds are secured by a deed of trust.	$ 8,390,000	—	530,000	7,860,000	555,000
Bonds payable for the High Rise Rehabilitation project, Phase II. The bonds mature November 1, 2026 and bear interest of 4.553%. The bonds are secured by a deed of trust.	12,066,551	—	650,000	11,416,551	675,000
Bonds payable for the High Rise Rehabilitation project, Phase III. The bonds mature November 1, 2027 and bear interest of 5.15%. The bonds are secured by a deed of trust.	9,765,000	—	385,000	9,380,000	405,000
Bonds payable for the Villa Park Apartments. The bonds were repaid during the year.	1,275,000	—	1,275,000	—	—
Bonds payable for Telemark Apartments, Stone Ave Townhomes and 532 N 104th St Townhomes. The bonds were repaid during the year.	2,440,000	—	2,440,000	—	—
Fixed rate bonds payable for Market Terrace and Mary Avenue townhomes. The bonds were repaid during the year.	2,550,000	—	2,550,000	—	—

(Continued)

	Balance January 1, 2014	Additions	Retirements	Balance December 31, 2014	Due within one year
Fixed rate bonds payable Longfellow Creek Apartments. Annual payments are $15,000 to $235,000 plus interest at rates of 1.90% to 5.35% with final due date of October 1, 2033. The bonds are secured by a pledge of the general revenue of the Authority and certain revenues and receipts available from the property.	$ 3,000,000	—	90,000	2,910,000	95,000
Fixed rate bonds payable for Wisteria Court Apartments. Annual payments are $45,000 to $245,000 plus interest at rates of 1.2% to 5.3%, with final due date of October 20, 2038. The bond proceeds are invested in GNMA certificates to secure the bond repayment.	3,405,000	—	65,000	3,340,000	70,000
Fixed rate bonds payable for Main Street Apartments and Yesler Court. The bonds were repaid during the year.	1,770,000	—	1,770,000	—	—
Fixed rate bonds payable for the refinance of Bayview and Lake City Commons. The bonds were repaid during the year.	3,110,000	—	3,110,000	—	—
Variable rate bonds subject to remarketing for Wedgewood Estates mature August 2036. The interest rate is reset every Wednesday with remarketing agent and was 0.16% on December 31, 2014. The bonds are secured by a letter of credit with Key Bank.	1,650,000	—	475,000	1,175,000	485,000

	Balance January 1, 2014	Additions	Retirements	Balance December 31, 2014	Due within one year
Variable rate bonds subject to remarketing for Douglas Apartments rehabilitation project and mature 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.	$ 1,870,000	—	30,000	1,840,000	30,000
Fixed rate bonds for New Holly phase I acquired from Holly Park Limited partnership. Interest rates are 4.7–5.9% payable twice a year. The bonds mature January 1, 2030.	4,140,000	—	150,000	3,990,000	160,000
Fixed rate bonds for Replacement housing properties, Montridge Arms, Main Street Apts and Yesler Court. Bonds mature September 2043 and are secured by a deed of trust on the properties.	12,585,000	—	205,000	12,380,000	205,000
Fixed rate bonds 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. Bonds mature December 1, 2044 and are secured by a deed of trust on the properties. properties. Rates range from 0.25 to 3.50%.	—	13,855,000	185,000	13,670,000	270,000
Total bonds payable	71,408,875	13,855,000	14,068,966	71,194,909	3,063,358
Accrued compensated absences	3,035,338	2,304,089	2,282,508	3,056,919	338,589
Total long-term obligations	$ 114,632,340	16,970,586	18,857,302	112,745,624	3,905,540

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, 2014:

			Total	
	Bonds	Notes	Principal	Interest
2015	$ 6,460,999	1,556,419	3,566,951	4,450,467
2016	6,368,793	1,576,898	3,615,934	4,329,757
2017	6,272,181	1,776,903	3,848,630	4,200,454
2018	6,000,524	1,576,903	3,507,205	4,070,222
2019	6,005,976	1,522,800	3,608,294	3,920,482
2020–2024	29,794,567	6,947,554	19,747,515	16,994,606
2025–2029	23,857,615	7,509,860	19,607,626	11,759,849
2030–2034	13,131,896	6,535,241	11,518,143	8,148,994
2035–2039	10,440,869	10,344,432	15,611,868	5,173,433
2040–2044	8,608,809	11,177,706	17,666,506	2,120,009
2045–2049	—	2,728,052	2,480,152	247,900
2050–2054	—	187,430	—	187,430
2055–2059	—	1,037,430	850,000	187,430
2060–2064	—	3,364,084	3,294,151	69,933
2065–2069	—	767,352	765,730	1,622
Total requirements	$ 116,942,229	58,609,064	109,688,705	65,862,588

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 it is in compliance with all significant limitations and restrictions. As of December 31, 2014, all bond issues met debt coverage ratio requirements with the exception of the Tamarack Commercial property loan with the Washington State Community Reinvestment Association. However, the Authority has remedied this and as of March 31, 2015, the Tamarack Commercial loan meets the debt service coverage ratio requirements. Failure to meet debt coverage ratio requirements does not constitute an event of default under the related loan documents.

(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.

As of December 31, 2014, there were 49 series of these special revenue bonds outstanding. The aggregate principal amount payable for the series issued after September 30, 1996 was $331,597,739. The aggregate principal amount payable for the 7 series issued prior to October 1, 1996 could not be determined; their original issue amount totaled $34,892,554.

(c) Component Unit Debt

The Othello Street Limited Partnership (OSLP) has bonds outstanding at December 31, 2014 of $1,975,000. The bonds were issued by the Authority on behalf of the component unit and are backed by a deed of trust on OSLP's leasehold interest in the Holly Park redevelopment project. The bonds are further secured by a pledge of the Authority's unobligated general revenue. The bonds bear interest at 7.0% per year and mature on January 1, 2032.

As of December 31, 2014, OSLP has other long-term debt totaling $8,195,384. Of this, $6,195,384 represents the general partner loans made by the Authority and is secured by liens on OSLP's property. These loans accrue interest at the annual rate of 1%, and interest-only payments on the outstanding principal balances are due to the general partner from available net cash flows. As of December 31, 2014, no interest payments had been made to the Authority. The remaining $2,000,000 represents a loan from the Washington State Office of Assistance Program. Payments of principal and interest are deferred for 30 years until December 31, 2032, with interest accruing at 1% per annum during the deferral period. Beginning December 31, 2032, all unpaid principal and accrued interest will be paid over 20 years, with annual payments of $149,383.

The Desdemona Limited Partnership (DLP) has fixed rate bonds outstanding at December 31, 2014 of $6,775,000. The bonds were issued by the Authority on behalf of the component unit and are backed by an irrevocable letter of credit issued by Key Bank and secured by a deed of trust on DLP's leasehold interest in the Holly Park redevelopment project. The bonds are further secured by a pledge of the Authority's unobligated general revenue. At December 31, 2014, the interest rate on the bonds ranged from 6.0% to 6.25%, based on the maturity schedule in the First Supplemental Trust Indenture. The bonds mature on December 1, 2035.

As of December 31, 2014, DLP has other long-term debt totaling $16,955,806 secured by liens on DLP's property. Of this, $12,889,135 represents the general partner loans made by the Authority and is secured by liens on DLP's property. These loans accrue interest at the annual rate of 1% to 3%, and interest-only payments on the outstanding principal balances are due to the general partner from available net cash flows. As of December 31, 2014, no interest payments had been made to the Authority. DLP also has a loan from the State of Washington Department of Community, Trade, and Economic Development, Office of Community Development in the amount of $2,000,000. Payments of principal and interest are deferred for 10 years until December 1, 2015, with interest accruing at 1% per annum during the deferral period. Beginning December 1, 2015, all unpaid principal and accrued interest will be paid over 20 years, with annual 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. The DLP also owes the City for a loan in the amount of $2,066,671. The loan accrues interest at 1% annually and matures on August 7, 2053. Payments of principal and interest are due from available net cash flows.

The Escallonia Limited Partnership (ELP) has bonds outstanding at December 31, 2014 totaling $4,420,000. The bonds were issued by the Authority on behalf of the component unit and are backed by a deed of trust on ELP's leasehold interest in the Rainier Vista 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% under the interest rate swap agreement on the variable rate bonds. The bonds mature on December 1, 2036.

As of December 31, 2014, ELP has other long-term debt totaling $23,347,094 of general partner loans made by the Authority and secured by liens on ELP's property. These loans accrue noncompounding interest at the annual rate of 1% and mature in fiscal year 2058. Interest-only payments on the loans are due to the general partner from available net cash flows.

The High Point North Limited Partnership (HPNLP) has fixed rate bonds outstanding at December 31, 2014 totaling $9,032,150. The bonds were issued by the Authority on behalf of the component unit and are backed by a deed of trust on HPNLP's leasehold interest in the High Point Phase I redevelopment project. The bonds are further secured by a pledge of the Authority's unobligated general revenue. At December 31, 2014, interest was 5.295%. The bonds mature on June 1, 2036.

As of December 31, 2014, HPNLP has other long-term debt totaling $27,152,734. Of this, $25,152,734 represents the general partner loans made by the Authority and is secured by liens on HPNLP's property. These loans accrue compounding interest at the annual rate of 1% and mature in fiscal year 2054. Interest-only payments on the loans are due to the general partner from available net cash flows. As of December 31, 2014, no interest payments had been made to the Authority. The remaining $2,000,000 represents a loan from the State of Washington Housing Assistance Program. Payments of principal and interest are deferred for 12 years, with interest accruing at 1% a year during the deferral period. Beginning April 30, 2016, quarterly interest payments are due, and beginning April 30, 2021, quarterly payments of principal and interest are required until the final maturity date of January 31, 2046.

The High Point South Limited Partnership (HPSLP) has bonds outstanding at December 31, 2014 totaling $15,265,000. The bonds were issued by the Authority on behalf of the component unit and are backed by a deed of trust on HPSLP'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 at the variable rate of 65.01% of the one-month LIBOR rate plus 2.54%. The bonds mature on March 1, 2039.

As of December 31, 2014, HPSLP has other long-term debt totaling $15,212,665. Of this, $13,212,665 represents the general partner loans made by the Authority and is secured by liens on HPSLP's property. These loans accrue noncompounding interest at the 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. As of December 31, 2014, no interest payments had been made 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% a 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.

The Ritz Apartments Limited Partnership (RALP) has total loans outstanding totaling $1,792,621 as of December 31, 2014. The construction loan of $966,765 bears interest at 5.496%, requires monthly principal and interest payments, and is due September 1, 2036.

As of December 31, 2014, RALP has other long-term notes payable outstanding totaling $825,856. Of this amount, $560,000 represents a note to the City that bears simple interest at 1% annually. Payments are due annually beginning June 30, 2006 from available net cash flows and the note is payable in full by August 9, 2054. The remaining $265,856 is payable to the general partner and bears interest at 1% annually. Payments are due annually beginning March 30, 2006 from available net cash flows, with final maturity on December 31, 2054.

The Alder Crest Limited Partnership (ACLP) has outstanding long-term obligations in the amount of $2,469,458 as of December 31, 2014. Of this amount, $992,283 represents a loan payable to the City that bears interest at 1% per annum and matures March 31, 2057. ACLP also has a loan payable to the City in the amount of $111,124. The loan bears interest at 1% per annum and matures March 31, 2057. The loan is secured by a third deed of trust on the property. ACLP has a loan payable to the State in the amount of $1,024,236. Of this amount, $474,236 requires quarterly payments. The entire amount bears no interest and is payable in full March 31, 2057. In addition, ACLP also has other borrowings outstanding in the amount of $341,815 from the Authority. One loan in the amount of $220,000 bears interest at 5% per annum and is secured by a fourth deed of trust on the property and matures March 31, 2057. The remaining $121,815 is a loan from the Authority for reimbursement of capital work needed on the stairways of the property. The loan amount shall not exceed $371,816, bears interest at 0.5% annually beginning January 1, 2014 and matures January 31, 2029.

The High Rise Rehabilitation Phase I Limited Partnership (HRRILP) has long-term obligations totaling $24,000,000 as of December 31, 2014. Of this, $12,000,000 represents a promissory note from the general partner made by the Authority and secured by a deed of trust encumbering HRRILP's interest in the project. During the rehabilitation phase of the project, interest-only payments are due quarterly beginning April 1, 2006, with interest accruing at a rate of 4.82%. After the rehabilitation stage, 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. The HRRILP 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, 2014. During the rehabilitation phase of the project, interest only payments are due quarterly beginning April 1, 2006, with interest accruing at a rate of 4.68%. After the rehabilitation stage, 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.

The Seattle High Rise Limited Partnership Phase II (SHRIILP) has long-term obligations totaling $28,051,551 as of December 31, 2014. Of this, $12,000,000 represents a promissory note from the general partner made by the Authority and secured by a deed of trust encumbering SHRIILP's interest in the project. During the rehabilitation phase of the project, interest-only payments are due quarterly beginning April 1, 2007, with interest accruing at a rate of 4.88%. After the rehabilitation stage, 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. The SHRIILP 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, 2014. During the rehabilitation phase of the project, interest-only payments are due quarterly beginning April 1, 2007, with interest accruing at a rate of 4.6%. After the rehabilitation stage, 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.

The Seattle High Rise Limited Partnership Phase III (SHRIIILP) has long-term obligations totaling $20,950,000 as of December 31, 2014. Of this, $9,200,000 represents a promissory note from the general partner made by the Authority and secured by a deed of trust encumbering SHRIIILP’s interest in the project. During the rehabilitation phase of the project, interest-only payments are due quarterly beginning April 1, 2008, with interest accruing at a rate of 4.13%. After the rehabilitation stage, 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. The SHRIIILP 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, 2014. During the rehabilitation phase of the project, interest-only payments are due quarterly beginning April 1, 2008, with interest accruing at a rate of 5.04%. After the rehabilitation stage, 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.

The Douglas Apartments Limited Partnership (DALP) has outstanding long-term obligations in the amount of $7,990,000 as of December 31, 2014. 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 DALP has a long-term note payable to the Authority in the amount of $1,840,000, which bears interest at 4.8% annually and matures June 1, 2040. The DALP has another note payable to the 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, 2014, Tamarack Place Limited Partnership (TPLP) has outstanding long-term obligations in the amount of $11,358,622. Of this amount, $958,622 represents a fixed rate construction loan payable to Washington Community Reinvestment Association (WCRA). As of December 31, 2014, the rate was 6.5%. In addition, the TPLP 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, 2014, Lake City Village Limited Liability Limited Partnership (LCVLLLP) has outstanding long-term obligations in the amount of $18,033,505. 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. LCVLLLP also has a lease payable to the Authority in the amount $1,675,000, which is payable from available cash flows. The variable construction loan was paid during the year.

As of December 31, 2014, Rainier Vista Northeast Limited Liability Limited Partnership (RVNLLLP) has outstanding long-term obligations in the amount of $19,221,918. RVNLLLP has a fixed rate note payable to U.S. Bank in the amount of $2,617,650, which is secured by a deed of trust on the property. As of December 31, 2014, the note had a 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, 2014, $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, 2014, $6,604,268 was outstanding.

As of December 31, 2014, 1105 East Fir Limited Liability Limited Partnership (EFLLLP) has outstanding long-term obligations in the amount of $19,556,859. Of this amount, $11,209,794 represents the amounts advanced on variable rate construction loan from Chase, which matures February 8, 2016. The maximum loan amount is $15,250,000. EFLLLP also has a loan payable to the City of Seattle in the amount of 1,452,485, which bears interest at 1.0% and matures in April, 2065. The maximum loan amount is 1,855,000. The remaining $6,894,580 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 and the maximum amount is $8,783,627.

As of December 31, 2014, Leschi House LLLP (LHLLLP) has outstanding long-term obligations in the amount of $10,426,431. Of this amount, $7,193,017 represents a variable rate bonds payable to Bank of America Public Capital Corp. As of December 31, 2014, the rate was 1.67% and matures on August 1, 2045. In addition, LHLP has a loan payable to the State of Washington Department of Commerce in the amount of $1,969,813. The loan will begin accruing interest of 1% per annum beginning on May 1, 2015 and matures on April 30, 2065. LHLP has an additional loan payable to the City of Seattle Office of Housing in the amount of $1,323,637. The loan accrues interest at a rate of 1% per annum and matures on April 30, 2065.

As of December 31, 2014, 820 Yesler Way LLLP (YLLLP) has outstanding long-term obligations in the amount of $5,714,156. Of this amount 1,141,631 represents a loan from the City of Seattle with a maximum amount of $1,300,000. The loan accrues interest at 1% annually and has a term of 51 years with no payments due until maturity. YLLLP also has a variable rate construction loan in the amount of 1,167,699, which matures February 2035. The remaining $3,404,626 represents two loans from the Authority that mature in May 2069 and bear interest of 2.5%.

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

	Balance January 1, 2014	Additions/ transfers	Retirements	Balance December 31, 2014	Due within one year
Loans payable to primary government from Othello Street Limited Partnership	$ 6,195,384	—	—	6,195,384	—
Loan payable to Washington State Office of Assistance Program from Othello Street Limited Partnership	2,000,000	—	—	2,000,000	—
Loans payable to primary government from Desdemona Limited Partnership	12,889,135	—	—	12,889,135	—
Loan payable to Washington State Housing Trust fund from Desdemona Limited Partnership	2,000,000	—	—	2,000,000	—
Loan payable to City of Seattle HOME fund from Desdemona Limited Partnership	2,066,671	—	—	2,066,671	—
Loans payable to primary government from Escallonia Limited Partnership	23,347,094	—	—	23,347,094	—
Loans payable to primary government from High Point North Limited Partnership	25,152,734	—	—	25,152,734	—
Loan payable to Washington State Housing Trust fund from High Point North Limited Partnership	2,000,000	—	—	2,000,000	—
Loans payable to primary government from High Point South Limited Partnership	13,212,665	—	—	13,212,665	—
Loan payable to Washington State Housing Trust fund from High Point South Limited Partnership	2,000,000	—	—	2,000,000	—
Loans payable to primary government from the Ritz Apartments Limited Partnership	265,856	—	—	265,856	—

	Balance January 1, 2014	Additions/ transfers	Retirements	Balance December 31, 2014	Due within one year
Loans payable to the City of Seattle from the Ritz Apartments Limited Partnership	$ 560,000	—	—	560,000	—
Loans payable to Washington Mutual from the Ritz Apartments Limited Partnership	989,234	—	22,469	966,765	23,736
Loan payable to City of Seattle from Alder Crest Limited Partnership	992,283	—	—	992,283	—
Loan payable to City of Seattle from Alder Crest Limited Partnership	111,124	—	—	111,124	—
Loans payable to primary government from Alder Crest Limited Partnership	341,815	—	—	341,815	—
Loan payable to Washington State Housing Trust fund from Alder Crest Limited Partnership	1,035,460	—	11,224	1,024,236	11,224
Loans payable to primary government from High Rise Rehabilitation Phase I Limited Partnership	24,000,000	—	—	24,000,000	—
Loans payable to primary government from Seattle High Rise Rehabilitation Phase II Limited Partnership	28,051,551	—	—	28,051,551	—
Loans payable to primary government from Seattle High Rise Rehabilitation Phase III Limited Partnership	20,950,000	—	—	20,950,000	—
Loan payable to City of Seattle from Douglas Apartments Limited Partnership	3,650,000	—	—	3,650,000	—
Loan payable to primary government from Douglas Apartments Limited Partnership	1,870,000	—	30,000	1,840,000	30,000
Loan payable to the Department of Commerce from Douglas Apartments	2,500,000	—	—	2,500,000	—
Loans payable to primary government from Tamarack Place Limited Partnership	10,400,000	—	—	10,400,000	—

(Continued)

	Balance January 1, 2014	Additions/ transfers	Retirements	Balance December 31, 2014	Due within one year
Loan payable to WCRA from Tamarack Place Limited Partnership	$ 971,695	—	13,073	958,622	13,948
Loan payable to primary government from Rainier Vista North East LLLP	16,604,268	—	—	16,604,268	—
Loan payable to US Bank for construction of Rainier Vista North East LLLP	2,663,844	—	46,194	2,617,650	44,705
Lease payable to primary government from Lake City Village LLLP	16,358,505	—	—	16,358,505	—
Lease payable to primary government from Lake City Village LLLP	1,675,000	—	—	1,675,000	—
Loan payable to Office of Housing from Leschi LLLP	852,996	1,116,817	—	1,969,813	—
Loan payable to Washington State Housing Trust fund from Leschi LLLP	1,323,637	—	—	1,323,637	—
Loan payable to Chase Bank 1105 E Fir LLLP Fir LLLP	50,001	11,159,793	—	11,209,794	—
Loan payable to primary government from 1105 E Fir LLLP	1,835,698	5,058,882	—	6,894,580	—
Loan payable to City of Seattle from 1105 E Fir LLLP	—	1,452,485	—	1,452,485	—
Loan payable to primary government from 820 Yesler Way LLLP	—	3,404,626	—	3,404,626	—
Loan payable to City of Seattle from 820 Yesler Way LLLP	—	1,141,831	—	1,141,831	—
Loan payable to Chase Bank from 820 Yesler Way LLLP	—	1,167,699	—	1,167,699	—
Total notes payable	228,916,650	24,502,133	122,960	253,295,823	123,613
Bonds payable – Othello Street Limited Partnership	2,030,000	—	55,000	1,975,000	60,000
Bonds payable – Desdemona Limited Partnership	6,935,000	—	160,000	6,775,000	170,000
Bonds payable – Escallonia Limited Partnership	4,535,000	—	115,000	4,420,000	120,000

	Balance January 1, 2014	Additions/ transfers	Retirements	Balance December 31, 2014	Due within one year
Bonds payable – High Point North Limited Partnership	$ 9,253,452	—	221,302	9,032,150	232,283
Bonds payable – High Point South Limited Partnership	15,545,000	—	280,000	15,265,000	300,000
Bonds payable – Leschi LLLP	50,286	7,082,695	—	7,132,981	—
Total bonds payable	38,348,738	7,082,695	831,302	44,600,131	882,283
Total long-term obligations	$ 267,265,388	31,584,828	954,262	297,895,954	1,005,896

Debt service requirements of long-term obligations of the component units as of December 31, 2014 are as follows:

			Total	
	Bonds	Notes	Principal	Interest
2015	$ 2,501,799	5,408,305	1,005,896	6,904,208
2016	2,535,590	16,657,545	12,257,447	6,935,688
2017	2,535,382	6,375,856	2,253,738	6,657,500
2018	2,595,222	5,050,647	1,186,273	6,459,596
2019	2,593,222	5,065,421	1,226,407	6,432,236
2020–2024	13,278,132	25,898,776	7,513,143	31,663,765
2025–2029	13,738,878	28,499,812	11,946,012	30,292,678
2030–2034	13,893,839	27,016,126	12,449,214	28,460,751
2035–2039	10,451,731	27,765,118	11,180,623	27,036,226
2040–2044	878,515	26,682,350	2,270,185	25,290,680
2045–2049	7,250,116	101,658,766	91,848,124	17,060,758
2050–2054	—	45,973,988	35,203,167	10,770,821
2055–2059	—	47,244,490	38,884,129	8,360,361
2060–2064	—	41,367,475	36,401,983	4,965,492
2065–2069	—	33,532,169	32,269,613	1,262,556
Total requirements	$ 72,252,426	444,196,844	297,895,954	218,553,316

(8) Unearned Revenue – Operating Leases

The Authority leased the building and land of the Ritz Apartments to the Ritz Apartments Limited Partnership (RALP) beginning in August 2004. The lease term is 75 years and the Authority has received all required payments. The lease includes a purchase option in which RALP has the right to require the Authority to convey legal title to the property for a total purchase price equal to $1 plus the sum of the amount remaining to be paid or outstanding on the bonds any time after all lease payments have been made. Assets held for lease included the land of $194,480 and building and improvements with a cost of $1,395,225 and accumulated depreciation at December 31, 2014 of $389,413.

The Authority leased the building and land of the Alder Crest Apartments to the Alder Crest Limited Partnership (ACLP) beginning in December 2005. The lease matures December 31, 2080. The lease includes a purchase option in which ACLP has the right to require the Authority to convey legal title to the property for a total purchase price of $1 any time after December 31, 2104. The Authority has received all payments required under the terms of the lease. Assets held for lease-included land of $595,017 and building and improvements with a cost of $1,405,230 and accumulated depreciation at December 31, 2014 of $368,921.

The High Rise Rehabilitation Phase I Limited Partnership (HRRILP) has leased seven public housing buildings and the related land from the Authority for the purpose of rehabilitating and operating the properties. The initial lease amount was $11,434,751 and all payments have been received. The lease matures December 31, 2104. Assets held for lease-included land of $982,235 and building and improvements with a cost of $17,052,143 and accumulated depreciation at December 31, 2014 of $16,771,239.

The Seattle High Rise Phase II Limited Partnership (SHRIILP) has leased seven public housing buildings and the related land from the Authority for the purpose of rehabilitating and operating the properties. The initial lease amount was $11,062,522 and all payments have been received. The lease matures December 31, 2105. Assets held for lease-included land of $804,323 and building and improvements with a cost of $16,997,451 and accumulated depreciation at December 31, 2014 of $16,758,532.

The Seattle High Rise Phase III Limited Partnership (SHRIIILP) has leased seven public housing buildings and the related land from the Authority for the purpose of rehabilitating and operating the properties. The initial lease amount was $10,510,573 and the last required payment was received during the year. The lease matures December 31, 2106. Assets held for lease-included land of $1,088,828 and building and improvements with a cost of $18,442,567 and accumulated depreciation at December 31, 2014 of $17,328,186.

The Authority leased the building and land of the Douglas Apartments to the Douglas Apartments Limited Partnership (DALP) beginning in December 2008. The lease matures December 31, 2083. The lease includes a purchase option in which DALP has the right to require the Authority to convey legal title to the property for a total purchase price of $1 any time after December 31, 2058. The Authority has received all payments required under the terms of the lease. Assets held for lease-included land of $813,062 and building and improvements with a cost of $2,856,708 and accumulated depreciation at December 31, 2014 of $565,129.

The Lake City Village LLLP has leased land and improvements from the Authority beginning May 2010 for the purpose of constructing an 86-unit affordable apartment building in northeast Seattle. The initial lease amount was $1,075,000, the remaining $1,675,000 is in the form of a note payable to the Authority no later than May 1, 2065, and payments are subject to available cash flow of the partnership. The lease matures December 31, 2109. Assets held for lease include land with a cost of $951,658.

The Authority has leased land to 1105 E Fir LLLP for the purpose of constructing a 103-unit affordable apartment building as part of the overall Yesler Terrace development. The initial lease amount was $365,615 based on the appraised land value and is shown as a capital contribution from the Authority. The lease matures December 31, 2112. Assets held for lease include land with a value of $8,505 as of December 31, 2014.

The Authority has leased land to Leschi House LLLP for the purpose of constructing a 35-unit addition to Leschi House. The initial lease amount was $3,110,000 based on the appraised land value and is shown as a capital contribution from the Authority. The lease matures December 31, 2112. Assets held for lease include land of $427,500 and building and improvements with a cost of $1,700,469 and accumulated depreciation of $692,193 as of December 31, 2014.

Unearned lease payments are shown as unearned revenue on the statement of net position. The following schedule shows related unearned rental revenue as of December 31, 2014.

		Original lease amount	Unearned revenue
Ritz Apartments	$	1,600,000	1,379,558
High Rise Rehabilitation, Phase I		11,434,750	10,395,525
Alder Crest Apartments		1,935,000	1,702,800
High Rise Rehabilitation, Phase II		12,171,533	11,184,341
High Rise Rehabilitation, Phase III		11,446,098	10,632,774
Douglas Apartments		3,650,000	3,357,997
Lake City Village LLLP		2,750,000	1,011,662
Leschi House LLLP		3,110,000	3,075,683
1105 E Fir		365,615	361,315
Total	$	48,462,996	43,101,655

(9) Pension Plans

Substantially all of the Authority’s full-time and qualifying part-time employees participate in the Washington State Public Employees Retirement System (PERS), a defined benefit, cost-sharing, multiple-employer public employee retirement system.

(a) 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 three tiers (Plans). Participants who joined the system by September 30, 1977 are enrolled in Plan I, while those joining thereafter are enrolled in Plan II. Plan III applies to all employees joining after September 1, 2002 and employees in Plan II were allowed to transfer to Plan III during the period from September 1, 2002 to May 31, 2003. Retirement benefits are financed from employee and employer contributions and investment earnings. Retirement benefits in both Plan I and Plan II are vested after completion of 5 years of eligible service. Plan III members are vested after 10 years for new employees and 5 years for employees transferring from Plan II to Plan III.

Plan I members are eligible for retirement after 30 years of service, or at the age of 60 with 5 years of service, or at the age of 55 with 25 years of service. The annual retirement benefit is 2% of the final average salary per year of service, capped at 60%. Final average salary is based on the 24 consecutive highest-paid months.

Plan II members may retire at the age of 65 with 5 years of service, or at 55 with 20 years of service. The annual retirement benefit is 2% of the final average salary per year of service. Final average salary is based on the 60 consecutive highest-paid creditable months. Plan II retirements prior to age 65 are actuarially reduced. There is no cap on years of service credit and a cost-of-living allowance is granted, capped at 3% annually.

Plan III members may retire at the age of 65 with at least 10 years of service, or 5 years of service including one year of service after reaching age 55, or 5 years of service under Plan II. The annual retirement benefit is 1% of the final average salary per year of service. Final average salary is based on the 60 consecutive highest-paid creditable months. Plan III retirements prior to age 65 are actuarially reduced. There is no cap on years of service credit and a cost-of-living allowance is granted, capped at 3% annually. There is also a defined-contribution component of this plan, and the amount varies between 5% and 15% depending on the option chosen by the employee.

The Authority’s payroll reported to PERS was $31,007,128 for the year ended December 31, 2014. Total payroll for the year ended December 31, 2014 was $31,111,070.

(b) Contributions

Each biennium, the legislature establishes Plan I and Plan III employer contribution rates and Plan II employer and employee contribution rates. Employee contribution rates for Plan I are established by legislative statute and do not vary from year to year. Employer rates for Plan I are not necessarily adequate to fully fund the system. The employer and employee contribution rates for Plan II and for Plan III are developed by the Office of the State Actuary to fully fund the system. 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 not changed during the year.

The Authority's employer and employee rates and required contributions for employees covered by PERS as of December 31, 2014 were:

	PERS Plan I required	PERS Plan II required	PERS Plan III required
Employer	9.21%	9.21%	9.21%
Employee	6.00	4.92	varies
	15.21%	14.13%	9.21%

	PERS Plan I required	PERS Plan II required	PERS Plan III required
Employer	$ 28,502	2,378,098	449,080
Employee	18,568	1,270,382	338,930
	$ 47,070	3,648,480	788,010

The Authority's actuarially determined employer contribution requirement represents approximately 0.345% of the total for all employees covered by PERS.

The following is a three-year summary of the Authority's employee and employer contributions for payroll covered under PERS:

	Total covered payroll	Required employee contributions	Actual contributions as a percentage of required contributions	Employer contributions	Actual contributions as a percentage of required contributions	Employee contributions as a percentage of covered payroll	Employer contributions as a percentage of covered payroll
2014	$ 31,007,128	1,627,880	100%	$ 2,855,680	100%	5.25%	9.21%
2013	30,261,028	1,551,995	100	2,491,084	100	5.13	8.23
2012	30,469,939	1,526,189	100	2,711,817	100	5.01	8.90

Six-year historical trend information showing PERS' progress in accumulating sufficient assets to pay benefits when due is presented in the PERS December 31, 2014 combined actuarial valuation report. Such report can be obtained from the Washington State Department of Retirement Systems at 402 Legion Way, Olympia, WA 98504.

(10) 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 the Washington State Department of Retirement Systems. 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.

(11) Other Post Employment Benefits (OPEB)

(a) Plan Description and Funding Policy

The Authority participates in the City Health Care Blended Premium Subsidy, a cost-sharing multiple-employer postemployment healthcare plan administered by the City. 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. The Authority employees are included with the City of Seattle for this plan. The Authority provides implicit subsidy of the postretirement health insurance costs and funds the subsidy on a pay-as-you-go basis. The postemployment benefit provisions are established and may be amended by City Ordinances.

(b) OPEB Obligation

The actuarial valuation is updated biannually. The most recent actuarial valuation was as of January 1, 2014. The net OPEB obligation is recorded on the statement of net position as of December 31, 2014, which is calculated based on the excess of Annual Required Contribution over the actual contribution.

(c) Funded Status and Funding Progress

As of December 31, 2014, based on the actuarial valuation dates for each of the plans, the unfunded actuarial accrued liability (UAAL) was equal to the actuarial accrued liability (AAL) due to the Authority's pay-as-you-go policy. Following is the funded status for the plans as of December 31, 2014:

Actuarial valuation date		January 1, 2014
Actuarial value of assets (a)	$	—
Entry age normal AAL (b)		1,039,000
UAAL (b-a)	$	1,039,000
Funded ratio (a/b)		0.0%
Covered payroll	$	31,007,128
UAAL as a percentage of covered payroll ((b-a)/c)		3%

(d) Actuarial Methods and Assumptions

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. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of any assets.

(Continued)

In the January 1, 2014 actuarial valuation, the entry age normal method was used and the actuarial assumptions included a discount rate of 3.48%. The medical inflation trend rates were adjusted to estimate the impact of the excise tax effective in 2018 on high value health plans. The values of benefits were assumed to increase 2.5% per year. The rate of increases for the City of Seattle traditional and preventative plans was 8% initially with an increase in 2017 to 16.0% due to the excise tax effect and all other years ranging from 7.5% to 5.10%. The medical inflation trend rate for the Group Health standard and deductible plans was 7.5% initially and then ranging from 7.0% to 5.2%. Unfunded actuarial accrued liability is being amortized as a level amount over past and future service. The remaining amortization period at January 1, 2014 was 30 years.

(12) Risk Management

The Authority maintains insurance against most normal hazards. Property insurance coverage is at a limit of $100 million, with a deductible of $50,000. Earthquake insurance coverage is $1 million per occurrence, with a deductible of $100,000 per occurrence. The Authority participates in the Housing Authority Risk Retention Group (HARRG) in order to obtain stable and affordable general liability insurance coverage. General liability coverage provided is $15 million per year, with a deductible of $25,000 per occurrence. The Authority also maintains a number of other insurance policies necessary and appropriate in the normal course of business, including employee fidelity and directors and officers insurance. The amount of settlements has not exceeded insurance coverage 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 the payment of annual premiums for its general 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. Based on the results of HARRG's latest annual independent actuarial study performed in accordance with GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, the level of reserve maintained by HARRG has been determined to be adequate to cover estimated claim liabilities.

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).

(13) Contingencies

In connection with various federal and state grant programs, the Authority is obligated to administer related programs and spend the grant moneys 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 moneys. 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, 2014, the Authority and its component units have outstanding construction contracts and other commitments totaling approximately $24 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.

The possibility exists that HUD contributions may decrease in the future. In the event such contributions were significantly reduced, the Authority would need to seek other funding sources to maintain operations at current levels.

(14) Pollution Remediation

During the year, the Authority completed pollution remediation work that was started in 2013 at the 1105 E Fir construction site, which is part of the Yesler Terrace redevelopment project. The work involved the removal of contaminated soil and also required pumping and disposal of contaminated water. During 2013, the Authority spent approximately $23,500 and an additional $74,027 in 2014. The work included removal of an underground tank, removal of contaminated soil and related consulting costs.

Another smaller project was identified and completed during 2014 at the Yesler Terrace redevelopment site. Contaminated soil was found during excavation work at Yesler Way and 8th Ave. The soil was removed at a cost of $5,243.

In addition, the Authority has a pollution remediation liability that has not yet been recognized because it is not reasonably estimable. The site is 7301 MLK Jr Way S and is part of a site that will likely be sold during 2015 or 2016. Chevron has agreed to pay for cleanup costs on part of the property, but the Authority may be liable for costs at the adjoining sites.

(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. Total pledged revenues as of December 31, 2014 are as follows:

Description of debt	Purpose of Debt	Year Issued		Total future revenues pledged	Proportion of annual debt service pledged to 2014 general revenue	Term of commitment
Obligations of the Authority						
Project revenues are primary repayment source:						
Fixed Rate bonds	Purchase of Longfellow Creek Apartments	2003	$	4,690,225	0.19%	2033
Fixed Rate tax exempt bonds - Series A	Purchase of condominium units at Gamelin and Gennessee mixed use buildings	2005		4,620,720	0.11	2035
Fixed Rate taxable bonds - Series B	Purchase of condominium units at Gamelin and Gennessee mixed use buildings	2005		983,775	0.13	2020
Fixed Rate bonds	Construction of housing units at NewHolly redevelopment, Phase I	1998		6,150,428	0.30	2030
Fixed Rate bonds	2013 Refunding for Montridge Arms, Main Street Apartments, 2002 Replacement Housing projects and Yesler Court properties	2013		25,368,619	0.65	2043
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		25,787,107	0.66	2044

Description of debt	Purpose of Debt	Year Issued	Total future revenues pledged	Proportion of annual debt service pledged to 2014 general revenue	Term of commitment
General revenues are primary repayment source:					
Fixed Rate bonds	Purchase of medical office for redevelopment at Wallingford site	2000	$ 5,669	0.00%	2015
Variable Rate bonds	Purchase Wedgewood Estates Apartment complex	2001	1,183,400	0.37	2036
Variable Rate bonds	Rehabilitation of Douglas Apartments	2009	3,048,870	0.06	2040
Taxable short term line of credit, $7 million	Purchase commercial properties	2004	3,592,159	0.06	2015
Obligations of the Authority for component units:					
Project revenues are primary repayment source:					
Fixed Rate bonds for component unit	Construction of housing units at NewHolly redevelopment, Phase II	2000	3,446,525	0.15	2032
Fixed Rate bonds for component unit	Construction of housing units at Rainier Vista redevelopment, Phase I	2003	6,842,875	0.23	2036
Fixed Rate bonds for component unit	Construction of housing units at NewHolly redevelopment, Phase III	2003	12,285,688	0.45	2035
Fixed Rate bonds for component unit	Construction of housing units at High Point redevelopment, Phase I	2004	15,119,154	0.54	2036
Fixed Rate bonds for component unit	Construction of housing units at High Point redevelopment, Phase II	2007	22,055,000	0.45	2039
Equity investment is are primary repayment source:					
Variable rate bonds for component unit	Construction of housing units at Leschi House	2013	12,483,184	0.11	2045
Variable rate construction loan	Construction of housing units at 1105 E Fir	2013	11,674,276	0.18	2016
Variable rate construction loan	Construction of housing units at 820 Yesler Way	2014	1,417,467	0.06	2017

(16) 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, 2014:

	Othello Street Limited Partnership	Desdemona Limited Partnership	Escallonia Limited Partnership	Tamarack Place Limited Partnership	Rainier Vista NE Limited Partnership
Condensed statement of net position					
Cash and cash equivalents	$ 875,587	1,036,217	1,053,601	613,491	1,422,475
Current receivables from primary government	20,361	47,064	—	30,038	49,757
Capital assets, net	10,153,592	30,507,802	28,006,757	12,726,031	21,365,726
Other assets	667,989	952,720	431,762	60,768	171,920
Total assets	11,717,529	32,543,803	29,492,120	13,430,328	23,009,878
Current payables due to primary government	27,907	2,916,051	244,349	130,514	10,465
Other current payables	547,607	821,895	326,819	98,757	177,586
Long-term payables to primary government	7,138,454	16,616,524	26,080,648	11,038,775	17,223,758
Bonds and other long-term liabilities	3,915,000	10,671,671	4,946,702	944,674	2,572,945
Total liabilities	11,628,968	31,026,141	31,598,518	12,212,720	19,984,754
Net investment in capital assets	(16,792)	6,776,996	239,663	1,367,409	2,143,808
Restricted net position	953,163	1,446,427	927,797	415,624	966,309
Unrestricted net position	(847,810)	(6,705,761)	(3,273,858)	(571,980)	(84,993)
Total net position	88,561	1,517,662	(2,106,398)	1,211,053	3,025,124
Condensed statement of revenues, expenses, and changes in net position					
Operating revenues	970,038	2,157,719	1,841,311	685,017	1,138,250
Depreciation/amortization	(429,551)	(1,160,433)	(1,126,219)	(407,847)	(840,282)
Other operating expenses	(799,912)	(1,633,746)	(1,263,532)	(517,832)	(784,532)
Operating loss	(259,425)	(636,460)	(548,440)	(240,662)	(486,564)
Nonoperating expense	(223,528)	(768,604)	(429,934)	(166,662)	(377,928)
Change in net position before capital contributions	(482,953)	(1,405,064)	(978,374)	(407,324)	(864,492)
Partners' contributions	25,045				
Beginning net position	546,469	2,922,726	(1,128,024)	1,618,377	3,889,616
Ending net position	$ 88,561	1,517,662	(2,106,398)	1,211,053	3,025,124

		High Point North Limited Partnership	High Point South Limited Partnership	Ritz Apts Limited Partnership	Alder Crest Limited Partnership	Douglas Apts Limited Partnership
Condensed statement of net position						
Cash and cash equivalents	$	3,012,239	1,789,737	90,668	311,340	431,397
Current receivables from primary government		75,523	16,779	54,608	35,105	10,804
Capital assets, net		45,900,660	50,066,979	2,039,973	5,313,774	9,241,994
Other assets		869,030	656,414	59,258	90,310	218,803
Total assets		49,857,452	52,529,909	2,244,507	5,750,529	9,902,998
Current payables due to primary government		316,127	260,003	24,035	—	47,189
Other current payables		776,109	4,205,184	129,738	177,531	46,796
Long-term payables to primary government		29,466,975	15,931,859	520,694	582,471	2,083,757
Bonds and other long-term liabilities		10,799,867	16,965,000	1,580,964	2,116,419	6,587,085
Total liabilities		41,359,078	37,362,046	2,255,431	2,876,421	8,764,827
Net investment in capital assets		9,715,776	19,589,314	247,352	2,844,316	1,251,994
Restricted net position		2,597,713	1,132,042	81,418	275,320	325,188
Unrestricted net position		(3,815,025)	(5,553,493)	(339,694)	(245,528)	(439,011)
Total net position		8,498,464	15,167,863	(10,924)	2,874,108	1,138,171
Condensed statement of revenues, expenses, and changes in net position						
Operating revenues		3,533,091	3,207,913	224,111	263,358	359,911
Depreciation/amortization		(1,804,236)	(1,680,651)	(107,207)	(236,398)	(252,069)
Other operating expenses		(2,672,287)	(2,110,619)	(117,219)	(230,420)	(208,606)
Operating loss		(943,432)	(583,357)	(315)	(203,460)	(100,764)
Nonoperating expense		(778,727)	(1,604,394)	(61,875)	(22,194)	(166,600)
Change in net position before capital contributions		(1,722,159)	(2,187,751)	(62,190)	(225,654)	(267,364)
Partners' contributions		—	—	—	—	—
Beginning net position		10,220,623	17,355,614	51,266	3,099,762	1,405,535
Ending net position	$	8,498,464	15,167,863	(10,924)	2,874,108	1,138,171

	Condensed statement of net position				
	High Rise Rehab Phase I Limited Partnership	Seattle High Rise Rehab Phase II Limited Partnership	Seattle High Rise Rehab Phase III Limited Partnership	Lake City Village LL Limited Partnership	Leschi LL Limited Partnership
Cash and cash equivalents	$ 3,070,676	2,822,195	1,821,506	948,617	145,022
Current receivables from primary government	—	—	—	45,225	—
Capital assets, net	25,907,311	30,854,101	24,190,754	25,706,784	13,145,064
Other assets	686,897	800,027	584,787	169,739	3,065,872
Total assets	29,664,884	34,476,323	26,597,047	26,870,365	16,355,958
Current payables due to primary government	356,479	235,181	63,891	12,927	199,880
Other current payables	355,801	313,992	260,581	89,491	1,100,083
Long-term payables to primary government	28,144,250	33,868,006	25,148,289	18,767,456	447,850
Bonds and other long-term liabilities	—	—	—	—	10,486,466
Total liabilities	28,856,530	34,417,179	25,472,761	18,869,874	12,234,279
Net investment in capital assets	1,907,311	2,802,550	3,240,754	7,673,279	2,718,634
Restricted net position	2,919,839	2,673,988	1,692,542	561,181	(567)
Unrestricted net position	(4,019,096)	(5,417,394)	(3,809,010)	(233,969)	1,403,612
Total net position	808,054	59,144	1,124,286	8,000,491	4,121,679
	Condensed statement of revenues, expenses, and changes in net position				
Operating revenues	4,844,486	5,300,628	4,528,519	705,350	167,027
Depreciation/amortization	(844,848)	(1,128,221)	(761,636)	(866,954)	(31,282)
Other operating expenses	(4,020,020)	(4,194,454)	(3,604,981)	(601,610)	(198,551)
Operating (loss) income	(20,382)	(22,047)	161,902	(763,214)	(62,806)
Nonoperating (expense) revenue	(653,987)	(976,249)	(886,684)	(216,834)	95
Change in net position before capital contributions	(674,369)	(998,296)	(724,782)	(980,048)	(62,711)
Partners' contributions	—	—	—	—	—
Beginning net position	1,482,423	1,057,440	1,849,068	8,980,539	4,184,390
Ending net position	$ 808,054	59,144	1,124,286	8,000,491	4,121,679

	Condensed statement of net position		
	1105 E Fir LL Limited Partnership	820 Yesler Way LL Limited Partnership	Total
Cash and cash equivalents	$ 1,288,327	823,368	21,556,553
Current receivables from primary government	—	—	385,264
Capital assets, net	23,826,595	8,290,687	367,244,584
Other assets	797,340	369,681	10,652,962
Total assets	25,912,262	9,483,736	399,839,363
Current payables due to primary government	44,943	350,464	5,240,404
Other current payables	4,145,190	2,205,867	15,779,028
Long-term payables to primary government	7,076,335	3,426,787	243,562,888
Bonds and other long-term liabilities	12,662,279	2,309,531	86,558,603
Total liabilities	23,928,747	8,292,649	351,140,923
Net investment in capital assets	4,269,736	2,576,530	69,348,630
Restricted net position	823,212	472,989	18,264,185
Unrestricted net position	(3,109,433)	(1,858,487)	(38,914,375)
Total net position	1,983,515	1,191,032	48,698,440
	Condensed statement of revenues, expenses, and changes in net position		
Operating revenues	—	238	29,926,967
Depreciation/amortization	—	—	(11,677,835)
Other operating expenses	—	(8)	(22,951,773)
Operating income(loss)	—	230	(4,702,641)
Nonoperating revenue (expense)	(4,301)	—	(7,338,406)
Change in net position before capital contributions	(4,301)	230	(12,041,047)
Partners' contributions	207,213	1,190,802	1,423,060
Beginning net position	1,780,603	—	59,316,427
Ending net position	$ 1,983,515	1,191,032	48,698,440

(Continued)

(17) Lease Commitment

During August 2011, the Authority executed a long-term operating lease for the central office. The lease began on April 1, 2012 and the following schedule shows the future minimum rentals under the lease:

Year ending December 31:		
2015	$	1,404,295
2016		1,404,295
2017		1,451,546
2018		1,467,297
2019		1,467,297
Thereafter		4,768,716
Total	$	11,963,446

(18) Subsequent Events

On January 1, 2015, one of the Authority's component units, Othello Street Limited Partnership was dissolved and the assets and obligations were transferred to the Authority. After eliminating inter-entity balances, the Authority increased acquired net capital assets of $10.2 million and external obligations of approximately $4.0 million as a result of this transaction.

SUPPLEMENTARY INFORMATION
COST CERTIFICATES (SEE INDEPENDENT AUDITORS' REPORT)

COST CERTIFICATES (SEE INDEPENDENT AUDITOR'S REPORT)

Actual Modernization Cost Certificate

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

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

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

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

Do not send this form to the above address.

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

HA Name:	Modernization Project Number:
SEATTLE HOUSING AUTHORITY	WA19P001502-11

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

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

A. Original Funds Approved	$	941,433.00
B. Funds Disbursed	$	941,433.00
C. Funds Expended (Actual Modernization Cost)	$	941,433.00
D. Amount to be Recaptured (A–C)	$	0.00
E. Excess of Funds Disbursed (B-C)	$	0.00

2. That all modernization work in connection with the Modernization Grant has been completed;
3. That the entire Actual Modernization Cost or liabilities therefor incurred by the HA have been fully paid;
4. That there are no undischarged mechanics', laborers', contractors', or material-men's liens against such modernization work on file in any public office where the same should be filed in order to be valid against such modernization work; and
5. That the time in which such liens could be filed has expired.

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

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

Signature of Executive Director & Date:

X Andrew J Lofton 11/17/2014

For HUD Use Only

The Cost Certificate is approved for audit:

Approved for Audit (Director, Office of Public Housing / ONAP Administrator)	Date:
X [signature]	12-04-2014

The audited costs agree with the costs shown above:

Verified: (Designated HUD Official)	Date:
X	
Approved: (Director, Office of Public Housing / ONAP Administrator)	Date:
X	

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

Actual Modernization Cost Certificate

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

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

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

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HA Name:	Modernization Project Number:
SEATTLE HOUSING AUTHORITY	WA19R001502-11

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

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

A. Original Funds Approved	$	1,076,820.00
B. Funds Disbursed	$	1,079,820.00
C. Funds Expended (Actual Modernization Cost)	$	1,079,820.00
D. Amount to be Recaptured (A–C)	$	0.00
E. Excess of Funds Disbursed (B-C)	$	0.00

2. That all modernization work in connection with the Modernization Grant has been completed;
3. That the entire Actual Modernization Cost or liabilities therefor incurred by the HA have been fully paid;
4. That there are no undischarged mechanics', laborers', contractors', or material-men's liens against such modernization work on file in any public office where the same should be filed in order to be valid against such modernization work; and
5. That the time in which such liens could be filed has expired.

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

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

Signature of Executive Director & Date:

X [signature] 7/30/2014

For HUD Use Only

The Cost Certificate is approved for audit:

Approved for Audit (Director, Office of Public Housing / ONAP Administrator)	Date:
X [signature]	08.19.2014

The audited costs agree with the costs shown above:

Verified: (Designated HUD Official)	Date:
X	
Approved: (Director, Office of Public Housing / ONAP Administrator)	Date:
X	

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

Actual Modernization Cost Certificate

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

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

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

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

Do not send this form to the above address.

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

HA Name:	Modernization Project Number:
SEATTLE HOUSING AUTHORITY	WA19P001501-12

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

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

A. Original Funds Approved	$	9,611,436.00
B. Funds Disbursed	$	9,611,436.00
C. Funds Expended (Actual Modernization Cost)	$	9,611,436.00
D. Amount to be Recaptured (A–C)	$	0.00
E. Excess of Funds Disbursed (B-C)	$	0.00

2. That all modernization work in connection with the Modernization Grant has been completed;
3. That the entire Actual Modernization Cost or liabilities therefor incurred by the HA have been fully paid;
4. That there are no undischarged mechanics', laborers', contractors', or material-men's liens against such modernization work on file in any public office where the same should be filed in order to be valid against such modernization work; and
5. That the time in which such liens could be filed has expired.

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

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

Signature of Executive Director & Date:

X Andrew J Lofton 7/30/2014

For HUD Use Only

The Cost Certificate is approved for audit:

Approved for Audit (Director, Office of Public Housing / ONAP Administrator)	Date:
X [signature]	08.19.2014

The audited costs agree with the costs shown above:

Verified: (Designated HUD Official)	Date:
X	
Approved: (Director, Office of Public Housing / ONAP Administrator)	Date:
X	

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

Actual Modernization Cost Certificate

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

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

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

HA Name:	Modernization Project Number:
SEATTLE HOUSING AUTHORITY	WA19R001501-12

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

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

A. Original Funds Approved	$	1,063,696.00
B. Funds Disbursed	$	1,063,696.00
C. Funds Expended (Actual Modernization Cost)	$	1,063,696.00
D. Amount to be Recaptured (A–C)	$	0.00
E. Excess of Funds Disbursed (B-C)	$	0.00

2. That all modernization work in connection with the Modernization Grant has been completed;
3. That the entire Actual Modernization Cost or liabilities therefor incurred by the HA have been fully paid;
4. That there are no undischarged mechanics', laborers', contractors', or material-men's liens against such modernization work on file in any public office where the same should be filed in order to be valid against such modernization work; and
5. That the time in which such liens could be filed has expired.

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

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

Signature of Executive Director & Date:

X [signature] 10/8/2014

For HUD Use Only

The Cost Certificate is approved for audit:

Approved for Audit (Director, Office of Public Housing / ONAP Administrator)	Date:
X [signature] for Harlan Stewart	10-15-14

The audited costs agree with the costs shown above:

Verified: (Designated HUD Official)	Date:
X	
Approved: (Director, Office of Public Housing / ONAP Administrator)	Date:
X	

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

Actual Modernization Cost Certificate

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

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

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

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

Do not send this form to the above address.

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

HA Name:	Modernization Project Number:
SEATTLE HOUSING AUTHORITY	WA19R001502-12

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

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

A. Original Funds Approved	$	1,620,294.00
B. Funds Disbursed	$	1,620,294.00
C. Funds Expended (Actual Modernization Cost)	$	1,620,294.00
D. Amount to be Recaptured (A–C)	$	0.00
E. Excess of Funds Disbursed (B-C)	$	0.00

2. That all modernization work in connection with the Modernization Grant has been completed;
3. That the entire Actual Modernization Cost or liabilities therefor incurred by the HA have been fully paid;
4. That there are no undischarged mechanics', laborers', contractors', or material-men's liens against such modernization work on file in any public office where the same should be filed in order to be valid against such modernization work; and
5. That the time in which such liens could be filed has expired.

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

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

Signature of Executive Director & Date:

X Andrew J Lofton 10/8/2014

For HUD Use Only

The Cost Certificate is approved for audit:
Approved for Audit (Director, Office of Public Housing / ONAP Administrator) — Date:

X for Harlan Stewart — 10-15-14

The audited costs agree with the costs shown above:
Verified: (Designated HUD Official) — Date:

X

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

X

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

THE HOUSING AUTHORITY OF THE CITY OF SEATTLE, WASHINGTON

Statistical Section
(Unaudited)

Section III

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	Table 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)

Fiscal year ended September 30 (a)		**Net investment in capital assets**	**Restricted for debt service**	**Unrestricted**	**Total**
2005	$	223,381,297	5,194,324	101,203,466	329,779,087
2006		174,593,252	5,448,150	144,625,694	324,667,096
2007 (a)		211,875,842	9,725,557	132,651,693	354,253,092
2008 (a)		222,001,336	5,326,536	142,674,746	370,002,618
2009 (a)		227,083,324	5,550,146	151,794,210	384,427,680
2010 (a)		229,826,301	6,486,917	170,526,030	406,839,248
2011 (a)(b)		224,771,337	8,543,577	185,863,188	419,178,102
2012 (a)(b)		199,273,982	9,406,113	212,444,630	421,124,725
2013 (a)		210,293,958	10,069,831	228,421,457	448,785,246
2014		218,260,173	10,715,889	248,387,858	477,363,920

Notes: (a) Beginning in fiscal year 2007, the Authority's fiscal year-end date changed to December 31 from September 30.

(b) Net position for 2011 and 2012 were restated as a result of the adoption of GASB 65.

Table 2

THE HOUSING AUTHORITY OF THE CITY OF SEATTLE, WASHINGTON

Financial Trends

Changes in Net Position – Primary Government

Last Ten Fiscal Years (Unaudited)

	2005	2006	2007 (a)	2008 (a)	2009 (a)	2010 (a)	2011 (a, c)	2012 (a, c, d)	2013 (a, d)	2014
Operating revenues:										
Tenant rentals	$ 20,697,641	19,888,907	23,958,442	18,548,105	18,963,514	19,853,164	21,338,005	20,690,177	21,550,029	21,831,866
Housing assistance payment subsidies	80,263,996	77,907,735	107,528,715	84,099,962	87,253,047	96,202,546	95,645,677	105,422,182	103,981,489	109,438,967
Operating subsidies and grants (b)	16,668,848	16,038,328	19,109,472	17,523,075	18,006,286	21,258,217	22,814,568	19,522,792	28,020,480	28,898,006
Other	49,240,885	21,232,065	35,381,503	22,594,560	19,212,557	19,480,446	21,762,895	18,081,083	18,619,880	20,986,715
Total operating revenues	166,871,370	135,067,035	185,978,132	142,765,702	143,435,404	156,794,373	161,561,145	163,716,234	172,171,878	181,155,554
Operating expenses:										
Housing operations and administration	29,152,797	30,248,810	46,408,207	41,515,711	38,998,671	42,453,709	44,662,095	41,680,059	39,786,646	48,397,764
Tenant services	2,436,512	2,750,585	3,171,644	1,307,592	1,644,363	3,729,452	3,937,994	3,602,554	3,542,648	4,096,481
Utility services	4,922,362	4,827,108	5,252,632	4,092,002	4,540,982	4,718,662	4,998,955	5,393,684	5,990,952	6,111,734
Maintenance	17,281,723	16,388,539	21,461,247	17,053,995	18,159,325	20,082,664	18,824,304	15,081,988	17,409,835	18,570,599
Housing assistance payments	68,212,519	62,296,993	80,300,757	64,270,568	71,064,302	73,550,131	76,942,437	79,478,249	78,552,745	79,543,161
Other	3,413,099	6,031,825	2,585,630	2,767,976	2,115,315	4,209,600	1,318,772	2,021,796	965,774	1,279,968
Depreciation and amortization	11,656,022	11,929,183	15,155,490	10,299,572	9,281,594	10,059,962	10,676,293	10,258,105	10,232,876	9,647,672
Total operating expenses	137,075,034	134,473,043	174,335,607	141,307,416	145,804,552	158,804,180	161,360,850	157,516,435	156,481,476	167,647,379
Operating income (loss)	29,796,336	593,992	11,642,525	1,458,286	(2,369,148)	(2,009,807)	200,295	6,199,799	15,690,402	13,508,175
Nonoperating revenues (expenses):										
Interest expense	(5,510,982)	(7,849,402)	(10,755,826)	(8,532,367)	(7,956,814)	(7,479,432)	(6,887,452)	(5,721,825)	(5,500,338)	(4,857,185)
Interest income	3,190,698	5,625,496	7,637,844	6,547,470	5,337,931	5,257,848	1,536,648	1,397,221	461,197	3,449,454
Change in fair value of investments	(718,763)	(273,517)	140,142	(332,725)	430,908	44,842	68,742	(74,996)	(94,819)	(40,763)
Loss on notes receivable	—	—	—	—	—	—	(479,017)	—	—	—
Loss on investment in limited partnerships	—	—	—	(1,505,687)	(1,480)	(67,624)	(1,321)	(621,387)	(70,809)	(2,320,774)
Disposition of assets	(1,932,491)	(13,426,642)	(6,673,827)	(1,735,402)	(4,472,397)	(19,878,330)	(16,774,091)	(12,343,242)	(11,826)	(2,540,988)
Net nonoperating expenses	(4,971,538)	(15,924,065)	(9,651,667)	(5,558,711)	(6,661,852)	(22,122,696)	(22,536,491)	(17,364,229)	(5,216,595)	(6,310,256)
Change in net position before contributions	24,824,798	(15,330,073)	1,990,858	(4,100,425)	(9,031,000)	(24,132,503)	(22,336,196)	(11,164,430)	10,473,807	7,197,919
Capital contributions	21,816,252	10,218,082	27,595,138	19,849,951	23,456,062	46,544,071	34,675,050	13,249,971	17,146,108	21,282,443
Increase (decrease) in net position	46,641,050	(5,111,991)	29,585,996	15,749,526	14,425,062	22,411,568	12,338,854	2,085,541	27,619,915	28,480,362
Net position at beginning of year	283,138,037	329,779,087	324,667,096	354,253,092	370,002,618	384,427,680	406,839,248	419,178,102	421,263,643	448,883,558
Net position at end of year	$ 329,779,087	324,667,096	354,253,092	370,002,618	384,427,680	406,839,248	419,178,102	421,263,643	448,883,558	477,363,920

Notes: (a) Fiscal years 2005 and 2006 represent a year-end date of September 30. Beginning in 2007, the fiscal year-end date is December 31, and in 2007, the statement of revenues, expenses, and changes in net position reflects a fifteen-month period.

(b) Beginning with reporting year 2010, the Authority has classified Operating subsidies and grants as operating revenues. Prior years have been restated on this schedule to reflect comparative results.

(c) Net position for 2011 and 2012 were restated as a result of the adoption of GASB 65.

(d) Net position for 2012 and 2013 was restated as a result of the merger of Ravenna School LLC, a component unit of the Authority.

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 (a)	**Amount**	**Percentage of total**	**Amount**	**Percentage of total**	**Amount**	**Percentage of total**	**Amount**	**Percentage of total**	**Amount**	**Total**
2005	$ 20,697,641	12.4%	$ 80,263,996	48.1%	$ 16,668,848	10.0%	$ 49,240,885	29.5%	$ 166,871,370	100.0%
2006	19,888,907	14.7	77,907,735	57.7	16,038,328	11.9	21,232,065	15.7	135,067,035	100.0
2007	23,958,442	12.9	107,528,715	57.8	19,109,472	10.3	35,381,503	19.0	185,978,132	100.0
2008	18,548,105	13.0	84,099,962	58.9	17,523,075	12.3	22,594,560	15.8	142,765,702	100.0
2009	18,963,514	13.2	87,253,047	60.9	18,006,286	12.6	19,212,557	13.3	143,435,404	100.0
2010	19,853,164	12.7	96,202,546	61.3	21,258,217	13.6	19,480,446	12.4	156,794,373	100.0
2011	21,338,005	13.2	95,645,677	59.2	22,814,568	14.1	21,762,895	13.5	161,561,145	100.0
2012	20,690,177	12.6	105,422,182	64.4	19,522,792	11.9	18,081,083	11.1	163,716,234	100.0
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	21,831,866	12.1	109,438,967	60.4	28,898,006	15.9	20,986,715	11.6	181,155,554	100.0

Notes: (a) Fiscal years 2005 and 2006 represent a year-end date of September 30. Beginning in 2007, the fiscal year-end date is December 31, and in 2007, the statement of revenues, expenses, and changes in net position reflects a fifteen-month period.

Table 4

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		Total	
Year (a)	**Amount**	**Percent of total**	**Amount**	**Percent of total**	**Amount**	**Total**
2005	$ 3,190,698	129.1	$ (718,763)	(29.1)	$ 2,471,935	100.0%
2006	5,625,496	105.1	(273,517)	(5.1)	5,351,979	100.0
2007	7,637,844	98.2	140,142	1.8	7,777,986	100.0
2008	6,547,470	105.3	(332,725)	(5.3)	6,214,745	100.0
2009	5,337,931	92.5	430,908	7.5	5,768,839	100.0
2010	5,257,848	99.2	44,842	0.8	5,302,690	100.0
2011	1,536,648	95.7	68,742	4.3	1,605,390	100.0
2012	1,397,221	105.7	(74,996)	(5.7)	1,322,225	100.0
2013	444,930	127.1	(94,819)	(27.1)	350,111	100.0
2014	3,449,454	101.2	(40,763)	(1.2)	3,408,691	100.0

Notes: (a) Fiscal years 2004 through 2006 represent a year-end date of September 30. Beginning in 2007, the fiscal year-end date is December 31, and in 2007, the statement of revenues, expenses, and changes in net position reflects a fifteen-month period.

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 (b)	Ratio of debt service to general expenses
Wakefield 2000 Bonds for Wallingford:					
2005	32,491	32,225	64,716	23,470	2.8
2006	34,840	22,636	57,476	18,115	3.2
2007 (a)	47,093	33,620	80,713	15,327	5.3
2008	40,749	24,278	65,027	6,070	10.7
2009	43,711	20,971	64,682	710	91.1
2010	46,871	17,845	64,716	825	78.4
2011	50,259	14,456	64,715	—	—
2012	53,893	10,823	64,716	—	—
2013	57,789	6,927	64,716	—	—
2014	61,966	2,750	64,716	—	—
2013 Bond Refunding					
2014	205,000	627,845	832,845	1,080,325	0.8
2014 Bond Refunding					
2014	185,000	400,569	585,569	1,781,030	0.3
Wedgewood 2001 Variable Rate Bonds:					
2005	140,000	74,056	214,056	963,775	0.2
2006	150,000	105,939	255,939	943,339	0.3
2007 (a)	187,500	151,700	339,200	922,274	0.4
2008	160,000	69,529	229,529	808,109	0.3
2009	165,000	40,280	205,280	812,350	0.3
2010	170,000	12,862	182,862	821,552	0.2
2011	—	13,320	13,320	860,218	—
2012	—	7,755	7,755	897,637	—
2013	765,000	4,511	769,511	935,755	0.8
2014	475,000	2,672	477,672	943,186	0.5
New Holly Phase I					
2010	120,000	268,700	388,700	673,784	0.6
2011	125,000	261,806	386,806	1,972,525	0.2
2012	135,000	254,331	389,331	1,531,083	0.3
2013	140,000	246,425	386,425	1,956,647	0.2
2014	150,000	238,088	388,088	2,166,103	0.2
Douglas Bonds					
2010	3,750,000	21,565	3,771,565	24,010	157.1
2011	20,000	6,752	26,752	52,454	0.5
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

(Continued)

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 (b)	Ratio of debt service to general expenses
Longfellow Creek 2003 Bonds:					
2005	15,000	180,645	195,645	476,275	0.4
2006	65,000	179,215	244,215	255,770	1.0
2007 (a)	87,500	221,437	308,937	428,712	0.7
2008	70,000	175,085	245,085	282,268	0.9
2009	75,000	172,891	247,891	343,526	0.7
2010	75,000	170,379	245,379	335,457	0.7
2011	80,000	167,670	247,670	420,657	0.6
2012	80,000	165,450	245,450	445,630	0.6
2013	85,000	161,419	246,419	540,047	0.5
2014	90,000	158,805	248,805	432,176	0.6
Gamelin/Genesee Bonds:					
2007 (a)	30,000	288,150	318,150	37,079	8.6
2008	17,000	229,901	246,901	58,525	4.2
2009	21,000	229,052	250,052	43,951	5.7
2010	62,000	228,955	290,955	17,837	16.3
2011	70,000	219,218	289,218	10,204	28.3
2012	78,000	218,792	296,792	8,307	35.7
2013	87,000	212,439	299,439	13,183	22.7
2014	97,000	199,683	296,683	52,833	5.6

Notes: (a) Fiscal years 2002 through 2006 represent a year-end date of September 30. Beginning in 2007, the fiscal year-end date is December 31, and in 2007, the statement of revenues, expenses, and changes in net assets reflects a fifteen-month period.

(b) General expense includes operating expenses except for depreciation and amortization.

(c) General expense for 2010 represents a partial year beginning August 27, 2010.

THE HOUSING AUTHORITY OF THE CITY OF SEATTLE, WASHINGTON

Debt Capacity

Ratio of Debt to Capital Assets – Primary Government

Last Ten Fiscal Years (Unaudited)

Fiscal year ended September 30 (a)	Bonds payable	Notes payable	Total debt	Capital assets, net	Ratio of total debt to capital assets	Ratio of total debt to housing units
2005	$ 60,277,566	34,244,424	94,521,990	314,126,900	30.09	23.66%
2006	85,476,724	33,750,623	119,227,347	304,561,566	39.15	33.50
2007	130,867,182	33,016,355	163,883,537	329,120,245	49.79	43.31
2008	123,459,433	32,485,160	155,944,593	337,110,417	46.26	44.43
2009	108,984,688	60,573,959	169,558,647	337,089,410	50.30	44.71
2010	98,950,816	62,277,978	161,228,794	343,138,706	46.99	51.45
2011	79,675,557	55,221,591	134,897,148	322,532,095	41.82	53.07
2012	77,128,664	49,564,954	126,693,618	291,056,484	43.53	54.07
2013	71,408,875	40,188,127	111,597,002	288,455,844	38.69	54.71
2014	71,194,909	38,493,796	109,688,705	289,087,224	37.94	57.27

Note: (a) The Authority changed its fiscal year-end date from September 30 to December 31 beginning in fiscal year 2007.

(b) 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.

THE HOUSING AUTHORITY OF THE CITY OF SEATTLE, WASHINGTON

Demographics and Economic Statistics

Tenant Demographics – Population Statistics

Last Ten Fiscal Years (Unaudited)

Calendar year [(a)]	Adults	Public housing program: Elderly	Public housing program: Minors	Total number of tenants	Nonelderly handicapped/ disabled
2004	4,824	1,625	2,548	8,997	1,930
2005	4,944	1,657	2,755	9,356	1,953
2006	4,731	1,662	2,648	9,041	1,793
2007	4,598	1,727	2,587	8,912	1,709
2008	4,730	1,685	2,814	9,229	1,739
2009	4,897	1,767	3,230	9,894	1,782
2010	4,888	1,823	3,089	9,800	1,839
2011	5,029	1,909	3,180	10,118	1,807
2012	5,140	1,970	3,317	10,427	1,774
2013	4,953	2,008	3,148	10,109	1,691
2014	4,795	2,049	3,079	9,923	1,716

Calendar year [(a)]	Adults	Section 8 program (b): Elderly	Section 8 program (b): Minors	Total number of tenants	Nonelderly handicapped/ disabled
2004	7,631	1,501	5,933	15,065	2,718
2005	7,149	1,421	5,636	14,206	2,615
2006	7,209	1,857	5,102	14,168	2,727
2007	7,426	1,801	5,311	14,538	2,863
2008	7,616	1,970	5,258	14,844	3,044
2009	8,084	1,995	5,998	16,077	3,289
2010	8,371	2,059	5,937	16,367	3,451
2011	8,694	2,307	5,949	16,950	3,520
2012	8,654	2,477	5,938	17,069	3,510
2013	8,528	2,547	5,717	16,792	3,503
2014	8,295	2,638	5,733	16,666	3,419

(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)

		Senior and local housing programs [c]			
Calendar year [a]	**Adults**	**Elderly**	**Minors**	**Total number of tenants**	**Nonelderly handicapped/ disabled**
2004	596	899	222	1,717	240
2005	640	903	746	2,289	196
2006	661	904	278	1,843	192
2007	723	913	345	1,981	186
2008	711	906	310	1,927	170
2009	924	1,023	424	2,371	126
2010	926	1,001	424	2,351	117
2011	994	1,039	426	2,459	86
2012	1,023	1,042	434	2,499	110
2013 [d]	1,040	1,058	499	2,597	93
2014 [e]	994	1,074	474	2,542	102

		Agency wide totals			
Calendar year (a)	**Adults**	**Elderly**	**Minors**	**Total number of tenants**	**Nonelderly handicapped/ disabled**
2004	13,051	4,025	8,703	25,779	4,888
2005	12,733	3,981	9,137	25,851	4,764
2006	12,601	4,423	8,028	25,052	4,712
2007	12,747	4,441	8,243	25,431	4,758
2008	13,057	4,561	8,382	26,000	4,953
2009	13,905	4,785	9,652	28,342	5,197
2010	14,185	4,883	9,450	28,518	5,407
2011	14,717	5,255	9,555	29,527	5,413
2012	14,817	5,489	9,689	29,995	5,394
2013	14,521	5,613	9,364	29,498	5,287
2014	14,084	5,761	9,286	29,131	5,237

Notes: [a] 2001 data is presented on a fiscal year basis rather than calendar year.

[b] Includes port-ins and excludes port-outs and participants living in the Authority's Senior Housing program.

[c] Effective 2009, Senior and Local Housing Programs includes tenants from privately managed properties.

[d] Excludes 36 households whose age is unknown

[e] Excludes 37 households whose age is unknown

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 (a)	Seattle population (a)	Per capital income King County (b)	Per capita income King region (b)	Public school enrollment	King County average annual unemployment rate (c)
2005	1,808,300	573,000	48,116	45,242	46,239	4.8
2006	1,835,300	578,700	52,655	48,522	45,634	4.2
2007	1,861,300	586,200	57,710	53,061	45,276	4.5
2008	1,884,200	592,800	58,141	53,999	45,572	5.7
2009	1,909,300	602,000	56,904	50,644	45,944	8.5
2010	1,931,249	608,660	54,927	51,370	47,008	8.4
2011	1,942,600	612,100	57,281	53,931	48,496	7.1
2012	1,957,000	616,500	61,911	52,267	49,525	6.1
2013	1,981,900	626,600	62,770	N/A	51,094	5.6
2014	2,017,250	640,500	N/A	N/A	52,819	4.2

Notes: (a) As of April 1, source: Washington State Office of Financial Management, 2014 Population Trends for Washington State estimates only.

(b) Source: U.S. Bureau of Economic Analysis, 2013 is most current available.

(c) Preliminary source: Washington State Employment Security Department.

THE HOUSING AUTHORITY OF THE CITY OF SEATTLE, WASHINGTON

Demographics and Economic Statistics

Principal Industries

Last Ten Fiscal Years (Unaudited)

	2014			2013			2012		
Industry	Number of employees	Percentage of Employment	Rank	Number of employees	Percentage of Employment	Rank	Number of employees	Percentage of Employment	Rank
Retail trade	128,000	10.02%	1	120,200	9.75%	1	113,600	9.62%	1
Professional and technical	112,000	8.76	2	107,100	8.68	2	102,200	8.66	2
Local government	92,400	7.23	3	90,400	7.33	3	89,100	7.55	3
Food services and drinking places	88,300	6.91	4	84,100	6.82	4	79,600	6.74	6
Information	85,600	6.70	5	82,300	6.67	5	80,900	6.85	4
Manufacturing durable goods	83,000	6.49	6	82,100	6.66	6	80,000	6.78	5
Administrative and waste services	67,400	5.27	7	66,100	5.36	7	64,000	5.42	7
Wholesale trade	61,700	4.83	8	60,600	4.91	8	59,400	5.03	8
State government	57,200	4.48	9	56,800	4.61	9	55,500	4.70	9
Ambulatory health care services	54,100	4.23	10	50,400	4.09	10	49,200	4.17	10
Transportation and warehousing	46,200	3.62	11	43,500	3.53	12	42,700	3.62	12
Finance and insurance	45,000	3.52	12	45,500	3.69	11	43,600	3.69	11
	920,900	72.06%		889,100	72.10%		859,800	72.83%	

	2011			2010			2009		
Industry	Number of employees	Percentage of Employment	Rank	Number of employees	Percentage of Employment	Rank	Number of employees	Percentage of Employment	Rank
Retail trade	109,300	9.47%	1	105,900	9.33%	1	106,000	9.19%	1
Professional and technical	97,900	8.49	2	93,400	8.23	2	92,900	8.05	2
Local government	88,800	7.70	3	89,300	7.87	3	89,300	7.74	3
Food services and drinking places	76,400	6.62	6	74,400	6.56	6	74,000	6.42	6
Information	80,200	6.95	4	79,400	7.00	4	80,200	6.95	4
Manufacturing durable goods	77,100	6.68	5	75,200	6.63	5	79,000	6.85	5
Administrative and waste services	63,000	5.46	7	61,000	5.37	7	61,100	5.30	7
Wholesale trade	58,500	5.07	8	58,000	5.11	8	59,700	5.18	8
State government	55,000	4.77	9	55,800	4.92	9	55,800	4.84	9
Ambulatory health care services	48,400	4.20	10	47,400	4.18	10	46,400	4.02	11
Transportation and warehousing	43,400	3.76	12	42,400	3.74	12	43,500	3.77	12
Finance and insurance	44,400	3.85	11	44,500	3.92	11	46,900	4.07	10
	842,400	73.02%		826,700	72.86%		834,800	72.38%	

	2008			2007			2006		
Industry	Number of employees	Percentage of Employment	Rank	Number of employees	Percentage of Employment	Rank	Number of employees	Percentage of Employment	Rank
Retail trade	116,900	9.62%	1	119,800	9.86%	1	120,900	10.06%	1
Professional and technical	100,600	8.28	2	94,700	7.80	2	88,600	7.37	2
Local government	89,500	7.37	3	87,300	7.19	3	86,000	7.15	4
Food services and drinking places	77,700	6.39	6	77,100	6.35	5	75,900	6.31	5
Information	79,800	6.57	5	75,600	6.23	6	72,500	6.03	7
Manufacturing durable goods	83,700	6.89	4	86,900	7.16	4	87,200	7.25	3
Administrative and waste services	72,500	5.97	7	73,900	6.09	7	75,000	6.24	6
Wholesale trade	63,400	5.22	8	64,200	5.29	8	64,700	5.38	8
State government	57,100	4.70	9	55,300	4.55	9	55,400	4.61	9
Ambulatory health care services	44,800	3.69	12	42,800	3.52	12	42,700	3.55	12
Transportation and warehousing	46,600	3.83	11	48,700	4.01	11	47,900	3.98	11
Finance and insurance	49,000	4.03	10	50,600	4.17	10	51,400	4.28	10
	881,600	72.56%		876,900	72.22%		868,200	72.21%	

	2005		
Industry	Number of employees	Percentage of Employment	Rank
Retail trade	123,000	10.47%	1
Professional and technical	84,700	7.21	3
Local government	85,800	7.31	2
Food services and drinking places	74,100	6.31	5
Information	70,100	5.97	7
Manufacturing durable goods	83,800	7.13	4
Administrative and waste services	71,300	6.07	6
Wholesale trade	63,900	5.44	8
State government	55,000	4.68	9
Ambulatory health care services	43,100	3.67	12
Transportation and warehousing	46,000	3.92	11
Finance and insurance	53,000	4.51	10
	853,800	72.69%	

Source: Washington Employment Security Department Labor Market and Economic Analysis.

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

Table 10

THE HOUSING AUTHORITY OF THE CITY OF SEATTLE, WASHINGTON

Operating Information

Number of Units by Program (d)

Last Ten Fiscal Years (Unaudited)

Fiscal year	Public housing	Section 8	Senior housing	Other housing programs	Hope IV nonpublic units	Total
2005	5,441	9,199	993	875	290	16,798
2006	5,432	9,199	993	902	423	16,949
2007	5,250	9,202	993	1,008	423	16,876
2008	5,263	9,260	993	971	539	17,026
2009	5,261	9,425	993	910	629	17,218
2010	5,316	9,612	994	915	661	17,498
2011 (d)	5,408	10,164	994	915	385	17,866
2012 (d)	5,441	10,558	994	876	739	18,608
2013 (d,e)	5,401	10,775	994	876	739	18,785
2014 (f)	5,259	11,036	1,029	826	596	18,746

Households Served and Waiting List Data

Last Ten Fiscal Years (Unaudited)

Fiscal year	Total households served (b)	Total households on waiting lists (c)
2005	11,861	11,074
2006	11,869	12,284
2007	12,077	3,850
2008	12,359	6,879
2009	12,912	7,751
2010	13,220	8,179
2011	13,765	7,523
2012	13,769	7,586
2013	13,601	9,435
2014	13,532	8,569

Notes:
(a) 2010 and 2011 public Housing unit counts are corrected; project-based units owned by SHA was erroneously included.
(b) Excludes Mod rehab, outgoing portable vouchers, nonpublic housing tax credits, and local programs, but includes incoming portable vouchers.
(c) Reflects unique households. Excludes HOPE VI communities.
For year 2013 – Housing Choice Voucher waiting list opened and reflects unique households. Includes HOPE VI communities
(d) 894 Senior housing units were added to public housing but are represented with senior and other local housing programs.
(e) 40 units at Yesler Terrace was demolished in 2013.
(f) 142 public housing units demolished or sold in 2014. 35 senior housing units added at Leschi House.

Table 11

THE HOUSING AUTHORITY OF THE CITY OF SEATTLE, WASHINGTON

Operating Information

Property Characteristics and Dwelling Unit Composition

December 31, 2014 (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	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	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
Jefferson Terrace	800 Jefferson Street	299	1967
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	30	1993
New Holly	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 St	251	Various
Ross Manor	1420 Western Avenue	100	1984
Roxhill Court Apartments*	9940 27th Ave SW	13	1980
Scattered Sites	Various	712	Various
Stewart Manor	6339 34th Avenue	74	1968
Tri-Court	720 N. 143rd	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 Ave SW	20	1987
Yesler Terrace	903 E. Yesler Way	382	1941
	Total units – public housing	5,259	

*Nonpublic housing units are listed under "Other housing program" section.

THE HOUSING AUTHORITY OF THE CITY OF SEATTLE, WASHINGTON

Operating Information

Property Characteristics and Dwelling Unit Composition

December 31, 2014 (Unaudited)

Section 8

Name of development	Address	Number of units	Year built or acquired
Housing Choice Vouchers	Various	10,147	—
Moderate Rehabilitation	Various	759	—
Bay View Tower	2614 4th Ave	100	1979
Market Terrace	1115 NW Market St.	30	1980
	Total number of Section 8 units	11,036	

Senior housing

Name of development	Address	Number of units	Year built or acquired
Leschi House	1011 S. Weller	69	1988
Ravenna School Apartments	6564 Ravenna Avenue NE	39	1979
South Park Manor	520 S. Cloverdale	27	1983
Bitter Lake Manor	620 N. 130th	72	1983
Blakeley Manor	2401 NE Blakeley	70	1984
Carroll Terrace	600 5th Avenue W.	26	1985
Columbia Place	4628 S. Holly	66	1983
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	57	1985
Nelson Manor	220 NW 58th	32	1985
Olmsted Manor	501 NE Ravenna Blvd.	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	24	1983
Willis House	6341 5th Ave NE	42	1983
	Total number of senior housing units	1,029	

(Continued)

Table 11

THE HOUSING AUTHORITY OF THE CITY OF SEATTLE, WASHINGTON

Operating Information

Property Characteristics and Dwelling Unit Composition

December 31, 2014 (Unaudited)

Other housing programs

Name of development	Address	Number of units	Year built or acquired
104th St Townhomes	528 N 104th	3	2001
127th & Greenwood	12701 Greenwood Ave N	6	1983
5983 Rainier Ave S	5983 Rainier Ave S	12	2002
924 MLK Jr Way S	924 MLK Jr Way S	5	1998
Alder Crest Apartments	6520 35th Ave SW	36	1977
Baldwin Apartments	1305 E Fir Street	15	2014 rehab
Beacon House	1545 12th Ave S	6	1993
Daybreak	1515 2nd Ave N.	3	1978
Delridge Triplexes	8136 and 8144 Delridge Way SW	6	1993
Fir Street Townhomes	Various	7	Various
Lake City Commons	12745 30th Ave NE	15	2002
Lam Bow Apartments	6935 Delridge Way SW	51	1970
Longfellow Creek Apartments [b]	5915 Delridge Way SW	54	1993
Main Place II	308 22nd Ave S	25	1993
Main Street Apartments	2035 S Main St	12	1993
Mary Avenue Townhomes	8550-84 Mary Ave NW	8	2001
MLK Townhomes	Various	6	1996
Montridge Arms Apartments	9000 27th Ave SW	33	1968
Norman Street Townhomes	Various	15	Various
Ravenna Springs/Bryant Apts	Various	13	Various
Referendum 37	Various	2	Various
Ritz Apartments	1302 E Yesler Way	30	1908
Roxhill Court Apartments [b]	9940 27th Ave SW	11	1980
Spruce Street Townhomes	Various	10	1997
South Shore Court	4811 S Henderson	44	1962
Stone Ave Townhomes	8514 Stone Ave N	4	2001
Telemark Apartments	2850 NW 56th St	24	1975
Villa Park Townhomes	9111 50th Avenue S.	43	1997
Wedgewood Estates	3716 NE 75th	203	1948
Westwood Heights East Apts	9440 27th Ave SW	42	1997
Wisteria Court [b]	7544 24th Ave SW	76	1987
Yesler Court	114 23rd Ave	9	1994
	Total other housing units	829	
HOPE VI nonpublic housing units:			
High Point		350	
Lake City Village		35	
NewHolly		220	
Rainier Vista		134	
	Total HOPE VI Nonpublic housing	739	
	Total units – All nonpublic housing programs (a)	18,892	

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.

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
2005	11	35	342	51	43	11	8	501
2006	13	37	333	56	44	14	7	504
2007	15	36	352	51	43	17	8	522
2008	16	31	362	60	42	18	10	539
2009	14	33	362	59	41	19	10	538
2010	15	33	350	63	43	22	10	536
2011	12	32	367	54	43	19	10	537
2012	12	33	343	54	45	18	10	515
2013	13	29	308	57	40	16	9	472
2014	18	26	309	55	39	15	9	471