The Housing Authority
of the City of Seattle, Washington

Comprehensive Annual Financial Report

For the year ended
December 31, 2015

THE HOUSING AUTHORITY OF THE CITY OF SEATTLE, WASHINGTON

Comprehensive Annual Financial Report

For the year ended December 31, 2015

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

Introductory Section (Unaudited)

Section I

May 18, 2016

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, 2015. This report was prepared by the Authority's Finance staff, and the Authority's 2015 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 2015 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. The 2015 Financial Statements also reflect SHA's implementation of GASB 68 and incorporates in the restated 2014 and 2015 financial statements the Authority's proportionate share of the Washington State Public Employees' Retirement System net pension liabilities.

For an overview of the Authority's 2015 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 through its Annual MTW Plan 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 is also authorized to combine public housing operating and capital funds and housing choice voucher funds into a MTW Block Grant and to allocate this single fund to best meet local low income housing needs. MTW agencies are required by statute to serve substantially the same number of households as the MTW agency would have served had it not combined its federal funds as provided under the demonstration.

Governing Body and Strategic Guidance: The governing body of the Authority is 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 2016-2020 Strategic Plan. The Plan was adopted by the Board in March 2016, following nearly eighteen months of planning and a participation process involving residents, voucher participants, employees, partner government and non-profit agencies, civic leaders and interested citizens. The underpinnings for the 2016-2020 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 2016-2020 Strategic Plan lays out three strategic directions that frame the Authority's key objectives over the period:

Expand Housing Opportunities.

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

Create more affordable housing. Prioritize strategies and leverage resources to enable increased rental assistance and housing units for more people in need of affordable housing.

Advance affordable housing policy. Champion public policies that will increase the viability, availability, and accessibility of affordable housing for people with low incomes.

Diversify housing choice. Expand available housing choices, demonstrate alternative housing models, and preserve and increase access to neighborhoods throughout Seattle that would otherwise be out of reach for people with low incomes.

Promote Quality Communities.

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

Preserve and promote high-quality housing. Provide safe, accessible, sustainable, and attractive living environments that contribute to the quality of Seattle neighborhoods through preservation and redevelopment of SHA's housing stock.

Connect people to opportunity. Invest in communities through partnerships so that neighborhoods where participants live support access to opportunities such as good jobs, parks, transit, arts, high-performing schools, and healthy living.

Strengthen community and service. Facilitate effective and supportive relationships and respectful interactions among participants, staff, partner organizations, and neighbors so that people feel valued, proud, and connected to the community they live in.

Improve Quality of Life.

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

Enhance senior and disabled living. Connect senior and disabled participants to the services they need and facilitate access to other housing choices along a continuum of care as appropriate.

Economically empower people. Assist participants in benefiting from education and employment to increase their economic security, skills, income, assets, and financial well-being.

Support youth achievement. Promote access to high-quality learning opportunities for young children, youth, and young adults that increase educational performance, college and career readiness, and encourage lifelong well-being.

The 2016-2020 Strategic Plan also recognizes seven **Organizational Cornerstones** reflecting SHA's values in action. These qualities help form the foundation of how SHA advances its mission and pursues strategic directions. SHA's culture is driven by a commitment to excellence that continually strengthens these cornerstones:

Respectful and Engaging Service and Relationships
SHA is committed to providing consistently high-quality service and respectful interactions. SHA honors and assists participants and communities through service and engagement that recognize their unique needs and strengths.

Financial Stability and Operational Efficiency
SHA manages its resources to maximize the impact and cost-effectiveness of its operations as well as the value and longevity of its assets. SHA focuses on strengthening its financial condition, streamlining service-delivery, and being good stewards of the public trust to best serve people now and into the future.

Partnership & Coordinated Action
SHA engages in partnerships and leverages resources to extend services beyond core housing programs. SHA aligns partners, programs, and service delivery to accelerate progress on strategic directions.

Environmental Stewardship
SHA incorporates environmental stewardship into daily practices and long-term decision-making to allow for more cost-effective investments, inventive approaches to complex sustainability challenges, healthier working and living environments for staff and participants, and broader impact within the community.

Staff Excellence
SHA is committed to recruiting, retaining, and developing people whose skills and dedication allow them to consistently perform at the top of their field. SHA trains and invests in a well-equipped workforce to support the Authority's day-to-day operation in pursuit of its mission.

Race and Social Justice
SHA is committed to delivering services in a culturally competent way, free of racism and prejudice, to minimize the impacts of poverty and to advance and support social justice. SHA strives to eliminate individual, institutional, and systemic racism in its policies and practices.

Innovation
SHA actively pursues creative, innovative, and impactful solutions to expand organizational capacity, improve service, and meet participant and community needs. SHA continually uses high-quality information and effective analysis to plan and evaluate its actions.

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 Authority 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 29,000 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 and tutoring programs.

In the mid-1990s, the Authority 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 residents 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 Authority's top executive staff and the support and analysis of the Authority's Budget staff. At the front end of the budget process, the Cabinet with the Executive Director agree on the financial forecast on which the budget will be prepared and establish 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 Authority's Proposed Budget for public review and comment. The MTW Plan and the Proposed Budget are primary tools for implementing the Strategic Plan. 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, and build new affordable housing 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 grow and in most areas have regained the losses occasioned by the Great Recession. To date, recovery of the local and state economies have outpaced the nation's, but there are clear signs of deceleration in Washington's growth rate. The Puget Sound Economic Forecaster provides this perspective on the State and Puget Sound forecasts for the future:

> "At this point, there is little reason for alarm. Similar to our forecasts of the past two years, we are predicting that the Puget Sound economy will decelerate, causing the regional and the national growth rates to converge. This implies that if the nation avoids a recession over the next few years—a likely prospect given its slow rate of recovery, so will the region."

So, both the regional and the state forecasts reflect continued, but slower growth over the period 2016 through 2021 in most indicators. Here are several key indicators from the Washington State Economic Forecast Council on the condition and prognosis for the economy:

- The Washington economy is expanding at a solid pace. In recent months Washington employment has grown faster than expected. In 2015, employment growth in the state was 2.8%, the highest rate since 2006. The employment growth forecast is unchanged at an average rate of 1.1% per year through 2019 with stronger growth in 2016 offset by weaker growth in 2017 and 2018. In the Puget Sound region, after growing at 2.9% in 2015, employment growth is expected to slow to 1.8% in 2016.
- Washington initial claims for unemployment insurance have fallen sharply in early 2016, reaching a new post-recession low. Based on the four week average ending February 20, 2016 of 6,865, unemployment claims have fallen 59% since the peak in early 2009.
- The State unemployment rate in 2015 was 6.0% and is expected statewide to improve to 5.3% in 2016. In the Puget Sound region, the unemployment rate reached a low of 4.1% in August 2015 and climbed to 5.2% in December 2015, principally as a result of reductions in construction employment as the hot multifamily building boom slowed.
- In 2015, average weekly earnings growth was 4.6% compared to 2.5% a year earlier. Private sector average hourly earnings in the twelve months ending in December 2015 were up 4.1% over the previous twelve month period. A year ago the comparable rate of increase was only 2.7%.
- Washington's personal income grew at a 5.2% rate in the third quarter 2015, matching the national average personal income growth rate. The State forecast for personal income growth

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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.

in 2016 is 4.2%. In the Puget Sound forecast, the 2015 growth rate of 5.3% is expected in 2016 to slow to 4.3%.

- The Seattle Consumer Price Index (CPI) has continued to be below 2.0% for the last three years, and with low energy prices expected to continue, the forecast for 2016 is that the CPI will be 1.4% to 1.7% and will remain below 2% in 2017.

In a nutshell, we can expect for the economy to continue in the State and Puget Sound region to grow, but not at the rates of the last couple of years. Economists generally, however, see the downside risks for their forecasts as greater than the upside. This is partly due to the fact that the U.S. economy's growth period has reached 150 months, the longest sustained expansion for the U.S. economy. They seem to take some comfort in the fact that the recovery has been so gradual, but eventually they expect a change in the economic cycle and they see both international and domestic circumstances that could trigger a downturn.

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. We have experienced both sides of that coin – we have experienced in recent years escalation of construction costs in excess of inflation due to the hot construction market in multifamily building; and, we have benefited from land price appreciation in selling property for development by the private market in our mixed income communities.

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 many of them. That said, we have heard in the last year increasing reports of greater employment, especially in our family communities.

Finally, the most serious impact of the local economy on low income renters in the tight housing market is that they are priced out of the market with rents escalating nearly 17% from 2014 to 2016 and vacancy rates are so low the supply of affordable housing in the private market, even with a rental assistance voucher, leads to a current 50% rate of failure-to-lease among our voucher holders, even after six months of shopping for a home.

Federal Funding – Status and Outlook

The Authority relies on federal funding for about 60 percent of our overall sources and approximately 70-75 percent of its operating and rental assistance funds. 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 in 2014 and 2015 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. A second Bipartisan Budget Act of 2015 continued the respite from sequestration and we actually saw increases in several parts of the Department of Housing and Urban Development (HUD) budget with the 2016 appropriation.

So far in 2016, Congress has been stalled on the 2017 Budget Appropriations, particularly in the House, where the Freedom Caucus has prevented a vote on a Budget Resolution based on their opposition to the Budget Control Act of 2015 and the spending ceilings it allowed. They propose much more serious cuts, particularly to the non-defense discretionary spending. It appears unlikely Congress will be able to do more than pass a Continuing Resolution before the fiscal year begins October 1, 2016. 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

Last year at this time, we reported about the uncertain future for the Moving To Work (MTW) demonstration program and the contracts of the 39 MTW Public Housing Authorities. The vast bulk of uncertainty was removed in December 2015 with the inclusion of language in the Appropriations Act directing HUD to renew the contracts through 2028 on the same terms and conditions of the existing contracts. The appropriations language also clarified that MTW agencies could retain four months of operating costs as a reserve that could not be swept without Congressional authorization; the bill also directed the expansion of the MTW Program by 100 public housing agencies over the next seven years.

While there are still program issues remaining to be negotiated between HUD and the MTW agencies, the threat of radical change to the program has been removed and the extension of contracts through 2028 secured.

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 and deferred outflows, liabilities and deferred inflows, 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, 2015, KPMG LLP issued no Single Audit findings of significant deficiencies and there were no significant deficiencies reported by KPMG LLP in connection with their audit of the Authority's 2015 Financial Statements.

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 Authority'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 Authority'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, 2015. 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 2015, the Authority's component units represented 50 percent of all rental housing units operated directly by the Authority.

Prudently Managing Affordable Housing Properties

Strong Asset Management: 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 Authority's annual MTW Plan.

Diverse Funding and Partnerships: 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.

Key Partnership with City of Seattle: 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

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

Yesler Terrace is a 30-acre site near downtown Seattle initially developed by Seattle Housing Authority in the early 1940s as Seattle's first publicly subsidized housing. Now, 76 years later, a revitalized Yesler Terrace is emerging as a dynamic, vibrant, mixed-income community that honors the neighborhood's history and cultural richness while creating safe, healthy and sustainable affordable housing, new parks and open spaces, increased transportation options and enhanced economic opportunities.

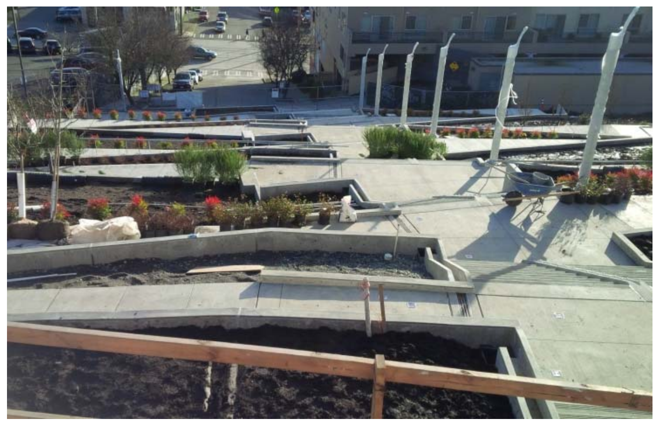
The planning for Yesler Terrace formally began in 2006 with the creation of the Guiding Principles, developed by the Yesler Terrace Citizen Review Committee and adopted by the Seattle Housing Authority Board of Commissioners. The Guiding Principles established the core values of social equity, one-for-one replacement housing, environmental stewardship and sustainability, and economic opportunity that still guide the redevelopment process today.

Over the last five years, the Yesler Terrace Redevelopment project achieved several key milestones to implement the vision of a new Yesler Terrace community. The US Dept. of Housing and Urban Development granted $30 million from its Choice Neighborhoods Initiative to the Seattle Housing Authority. This funding leverages both public and private sources, including $750,000 received from the JPMorgan Chase Foundation and $678,000 from the Kresge Foundation. In 2012 the Seattle City Council unanimously adopted an extensive legislative package necessary to implement the redevelopment of Yesler Terrace. The Cooperative Agreement, one important element of the legislative package, committed up to $10.92 million of City funding to the development of affordable housing and parks. Since 2012, the City has committed an additional $7 million to support upgrade and expansion of the sewer system at Yesler, construction of the 10th Avenue Hillclimb that connects Yesler Terrace and Little Saigon, the new neighborhood Park, and other important neighborhood improvements.

With commitment of funding for the redevelopment and the extensive planning completed, Seattle Housing Authority moved forward with design, construction, and implementation of key activities to develop a new Yesler Terrace that is healthy, livable, affordable, viable, and green in all facets of development. Extensive work was completed in 2015 to reach future housing production targets, meet education and economic opportunity goals, and provide new neighborhood services and amenities. Highlights of major accomplishments include:

An overhead view of Kebero Court, 103 new units of affordable housing.

- Completion of Kebero Court, 103 new affordable apartments located at 1105 East Fir St and welcoming of 67 families who formerly lived in the original Yesler Terrace homes and 36 households new to Yesler Terrace.
- Completion of 120 affordable and market rate apartments at Anthem on 12th Apartments (by Spectrum Development Solutions).
- Completion and assignment of 28 gardening plots at Horiuchi Park P-Patch.
- Construction progress on:
  - o 10th Ave S Hillclimb, Sewer backbone, and street and utility infrastructure (finished Hillclimb opened to acclaim in April 2016);
  - o 83 new affordable apartments at Raven Terrace (820 Yesler Way) and leased up by the end of the 1stQ 2016.
  - o 111 new affordable apartments at Hoa Mai Gardens (221 10th Ave S) under construction to open in early 2017.



In 2015, the concrete stairs and ramps were poured for the 10th Ave S Hillclimb.

- Relocation progress:
  - o 51 families were assisted in relocating, which completed Phase 3 on time.
  - o Upon completion of Kebero Court, the 166 households who had moved from Yesler Terrace since the project began were invited to use their Right to Return with moving assistance.
  - o 12 residents returned to Yesler Terrace after previously relocating away, with moving expenses paid by SHA.
- Thirteen (13) Yesler Terrace residents participated in the ESL/Job Shadowing Program, implemented in partnership with the City of Seattle (including Office of Immigrant & Refugee Affairs, Parks), Seattle Central College, Harborview and Swedish medical centers.
- Completion of the 2015 annual Health Needs Assessment conducted by Neighborcare. 97% of the current on-site Yesler Terrace residents indicated they now have health insurance, and 92% said they have a primary healthcare provider.
- Yesler Terrace-site based TRAC Associates made 52 job placements of Yesler Terrace residents, with an average hourly wage of $12.32.

- Approximately 100 Yesler Terrace children and youth participated in summer academic and enrichment activities led by various organizations.
- Increased attendance rates for Yesler Terrace children in all grades at Bailey Gatzert, except second grade. All Yesler student cohorts have made steady progress in attendance each year since 2010.
- The percent of students ready in all six Kindergarten Readiness domains increased from 20% to 50%.
- Twenty-five (25) Yesler Terrace families completed the Parent-Child Home Program, implemented by Neighborhood House.

Funding the Yesler Terrace Redevelopment Project

The Yesler Terrace Redevelopment Project has successfully leveraged public and private funding. To date, funds have been committed from the following sources to support the many facets of Yesler Terrace Redevelopment:

2011

- ✓ HUD Choice Neighborhoods Initiative - $10.27 million
- ✓ HUD Community Facilities Capital Fund (CFCF) - $3.1 million

2012

- ✓ HUD Choice Neighborhoods Initiative - $19.73 million
- ✓ JPMorgan Chase Foundation- $750,000
- ✓ Seattle Foundation - $25,000
- ✓ Bill and Melinda Gates Foundation - $120,623
- ✓ City of Seattle, Parks and Green Spaces Levy - $3 million
- ✓ City of Seattle, Community Development Block Grant - $1,045,000
- ✓ City of Seattle, Other City Housing Funds - $6,575,000
- ✓ City of Seattle, HomeWise Program – up to $300,000

2013

- ✓ HUD Public safety enhancement grant - $80,000
- ✓ JPMorgan Chase Foundation - $60,000
- ✓ Gates Foundation - $30,000
- ✓ Low Income Housing Tax Credit Equity - $11,968,000

2014

- ✓ Low Income Housing Tax Credit Equity - $11,250,000
- ✓ City of Seattle, Community Development Block Grant - $500,000
- ✓ City of Seattle, Office of Housing – $1,300,000
- ✓ City of Seattle, Department of Transportation– $500,000
- ✓ City of Seattle, Public Utilities - $3,000,000

- ✓ The Boeing Company - $25,000

2015

- ✓ Low Income Housing Tax Credit Equity - $21,900,000
- ✓ The Kresge Foundation - $678,000

Yesler Terrace Next Steps – 2016 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 2016 will be significant in that relocated residents will be welcomed into the second new building at Yesler Terrace and important services will continue to be offered to community members. The activities planned for 2016 include:

- Welcoming of 83 new households to Raven Terrace.
- Opening of the 10th Ave S Hillclimb, a staircase, accessible ramp, and plaza to connect Yesler Terrace and the Little Saigon neighborhoods.
- Continuing construction of Hoa Mai Gardens (111 apartments and 20 community gardening plots).
- Start of construction for Vulcan Real Estate's first affordable and market-rate building to be located along Yesler Way and Broadway.
- Design and permitting of Red Cedar, the next SHA affordable housing building with 125 units.
- Completion of segments of the new green street loop (E Fir St and 10th Ave S).
- Offering ten Yesler Terrace youth an opportunity to intern for the summer at our various contractor and partner offices to learn more about redevelopment and receive a paid stipend.
- Development of new programs to engage the community of all ages in temporary and permanent art work to be created for the neighborhood.
- Opening of temporary community gardens in the block along Boren Avenue and E Yesler Way.
- Selection of partners to develop community uses for the green space next to Interstate-5.
- Plan for summer programming with educational partners to serve over 100 youth.
- Implementation of the contract with Therapeutic Health Services to provide social/emotional support, academic, and wrap around services for Yesler Terrace students attending Garfield High School.
- Continuation of job placements at Yesler Terrace.
- Continuation of work with employers to hire Yesler Terrace residents attending the Industrial Sewing Class.
- Neighborcare Health will continue to work with residents on health-related activities.

Yesler Terrace redevelopment will gain added momentum in 2016 as SHA's replacement housing construction will add Red Cedar to Hoa Mai as active construction in 2016 and Vulcan will add its first market rate and work force housing building to the active construction mix. The dream of the original guiding principles is coming to reality day by day.

Awards and Recognition

During 2015, the Housing Authority of the City of Seattle and its residents received or continued distinctions and recognitions, including:

- ***Rainier Vista resident bound for Stanford University*** -- Originally from Kenya, Mohamed Aden, a Garfield High graduate, has earned his way to a spot at Stanford, where he plans to study humanities. Aden took on many volunteer duties while in high school, which he believes helped him stand out among college applicants. He plans to work in the non-profit world or attend law school after graduation.
- ***Residents win Technology Grants --*** The City of Seattle 2015 Technology Matching Fund awarded grants to resident computer labs in the High Rises and Seattle Senior Housing Programs at Denny Terrace, Jefferson Terrace, Star Center at Center Park, Westwood Heights and Barton Place. Residents work with Community Builders to prepare these grant applications and awardees are recognized with a reception by the Mayor and City Council. The Technology Matching Fund seeks to improve digital equity by connecting populations that have limited access to technology.
- ***HCV Staff Merit Award --*** On July 30, 2015, SHA staff accepted a National Association of Housing and Redevelopment Officials (NAHRO) Award of Merit in Housing and Community Development for the HCV Resource Development Plan. The NAHRO Agency Awards Program was created to give national recognition to the achievement and innovation and to create a resource bank of information on significant, innovative activities performed by housing agencies across the country.
- ***Financial Excellence /Award --*** SHA was awarded for the eighteenth 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, 2014 for the 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.
- ***Credit Rating Renewed --*** Seattle Housing Authority's entity credit rating of "AA" from Standard and Poor's (S&P) under their international rating criteria for housing authorities/social housing in the U.S. and Europe was again confirmed with a stable outlook in 2015. Double A is the highest U.S. housing authority rating by S&P and it is held by five housing authorities, including SHA.
- ***SHA Remains HUD High Performer --*** 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 retained this designation in 2015 and will sign an extension of its MTW Contract to 2028 in May 2016.
- ***Art Master Plan at Yesler Receives Key Support --*** SHA has received a $678,000 three year grant from The Kresge Foundation to support an art master plan as part of the redevelopment of Yesler

Terrace. SHA will use the funding to retain artists to infuse the new, mixed-income community with multiple works of art, and to support collaborative artistic projects and programs, working with community members and teams involved with design of streets, pathways, parks and other public spaces. The grant will also enable SHA to work with artisans living in the Yesler Terrace community to enhance their skills and translate them into works for public display or available for sale locally.

As a part of the three-year grant, SHA will partner with Seattle University (SU) on two projects. An existing SU co-led program that trains youth in filmmaking will be enhanced to include a focus on youth at Yesler Terrace documenting the physical and social transformation of their historic community. In addition, a team of faculty and students from SU will evaluate the overall impact of the artistic efforts at Yesler Terrace, document them, and create ways to share the assessment with other housing authorities and with arts organizations.

- ***Gates Foundation Continues Support for SHA: Seattle Public Schools Partnership --*** In 2015, the Bill and Melinda Gates Foundation awarded SHA a grant for $300,000 to continue work with Seattle Public Schools to develop and implement a multi-year Education Initiative focused on improving the educational outcomes for SHA-served youth. This investment builds on the work already happening in the Yesler Terrace neighborhood and also expands the scope across all of our housing portfolios.
- ***Chase Foundation Renews Support for Workforce Opportunity Systems Pilot --*** SHA was awarded $375,000 as part of the second year 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 Grant Supports Self-Sufficiency Work --*** 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

THE HOUSING AUTHORITY OF THE CITY OF SEATTLE, WASHINGTON

Principal Officials

Commissioners as of December 31, 2015

Name	Term expires
Nora Gibson, Chair*	March 20, 2015
Deborah Canavan Thiele, Vice Chair	March 20, 2017
Emily Abbey, Commissioner	March 20,2019
Aser Ashkir, Commissioner*	October 1, 2014
Kollin Min, Commissioner	March 20, 2016
Zachary Pullin, Commissioner	December 1, 2018
Jermaine Smiley, Commissioner	December 1, 2018

*Although the terms expired for Nora Gibson and Aser Ashkir, they continue to serve until the Mayor of the City of Seattle appoints new commissioners in 2016.

Administrative Staff

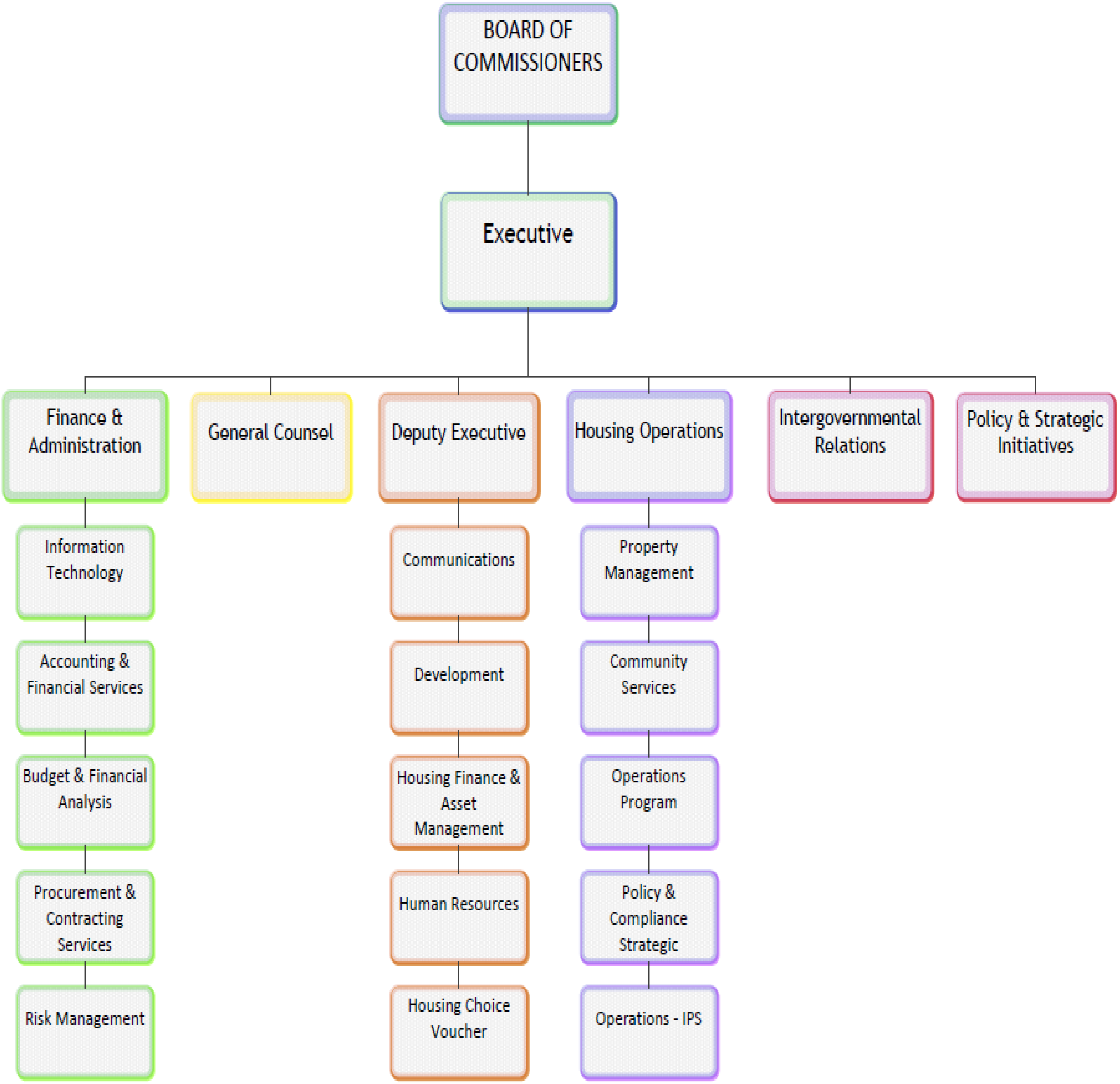
Andrew Lofton, Secretary-Treasurer/Executive Director

Shelly Yapp, Chief Financial Officer

Janet Hayes, Controller

THE HOUSING AUTHORITY OF THE CITY OF SEATTLE, WASHINGTON

Organization Chart



Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

The Housing Authority of the City of Seattle Washington

For its Comprehensive Annual Financial Report for the Fiscal Year Ended

December 31, 2014

Executive Director/CEO

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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, 2015, 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 represent 100% of the total assets, total liabilities, total net position, total revenues and total expenses of the aggregate discretely presented component units. 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.

Opinion

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, 2015 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 15, and the required supplementary information related to the pension plans on page 84, 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 WA19URD001I108, WA19C001501-10, WA19URD001I199, and WA19URD001I100, 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 and 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.

Emphasis of Matter

As discussed in note 1(c) to the financial statements, effective January 1, 2015, the Authority adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Financial Reporting for Pensions – an Amendment of GASB No. 27,* and *GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68.* This new accounting guidance requires governments providing defined benefit pensions to their employees to recognize their proportionate share of the pension plan's net pension liability or net pension asset, as well as recognizing most changes in the net pension liability within pension expense. Our opinion is not modified with respect to this matter.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 18, 2016, 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 18, 2016

Overview of the Financial Statements

The Housing Authority of the City of Seattle, Washington (the Authority) is pleased to present its basic financial statements as of and for the year ended December 31, 2015, 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, 2015, with comparative data for the year ended December 31, 2014. Please read this section in conjunction with the transmittal letter in the introductory section of this report and the Authority's basic financial statements, which immediately follow this section.

Financial Highlights

- Assets and deferred outflows of resources of the Authority exceeded liabilities and deferred inflows of resources at December 31, 2015 by $480.9 million (net position), representing an increase of $33.0 million over 2014. Unrestricted net position of $243.7 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 $92.4 million of this net position, which reflects $47.8 million in longer term commitments adopted by the Board of Commissioners, $3.2 million in assigned funds designated by the Authority's Financial Policy Oversight Committee, and $41.4 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 2015 represented approximately two months and 17 days (based on 20 business days in the month) of average monthly expenses and principal debt service.
- Total net position increased by $33.0 million, which is an increase of 16.6% over the 2014 increase in net position of $28.3 million. Operating revenues increased by $13.6 million, which was offset by an increase in operating expenses of $5.6 million and a reduction in capital contributions of $8.1 million compared to 2014. Also, nonoperating expenses decreased by $4.8 million compared to 2014.

- The Authority's current ratio that measures liquidity decreased during the year from 4.19 to 3.81. Current assets increased by $13.4 million as a result of higher cash and investments balances as well as increases in receivables from the Yesler Terrace development related component units. Current liabilities increased by $5.8 million. Although there were payoffs on short term borrowings of $1.5 million, accounts payable to vendors increased by approximately $4.0 million primarily due to Yesler Terrace related construction payables at year end. In addition, the current portion of long term debt increased by $2.1 million largely because of a bond refunding and subsequent payoff in January of 2016 for $2.5 million.
- Long-term notes receivable increased from $214.8 million to $220.7 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 2014 to 2015 resulted from the additions of loans made to limited partnerships for developments at Yesler Terrace and Leschi.
- The Authority's total debt decreased from $117.3 million to $107.5 million during the current reporting period. The reduction stemmed primarily from payoffs of short-term borrowings and homeWorks phase I bonds. As a result, the percentage of total debt to net capital assets decreased from 39.2% at December 31, 2014 to 35.1% at December 31, 2015.

Financial Analysis

Statement of Net Position

The statement of net position presents the assets and deferred outflows of resources, liabilities and deferred inflows of resources, and net position of the Authority at the end of the fiscal year. The purpose of the statement of net position is to give the financial statement readers a snapshot of the fiscal condition of the Authority as of a certain point in time. It presents end-of-year data for assets, 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, 2015 and 2014 amounted to $685.0 million and $658.9 million, respectively, an increase of approximately 4.0%. 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, 2014 to December 31, 2015 were increases in current assets, capital assets, and long-term notes receivable. Increases in cash and investments resulted from additional HUD funding.

Total liabilities of the Authority were $203.1 million and $203.0 million at December 31, 2015 and 2014, respectively, representing a slight increase. Current liabilities include accounts payable, accrued liabilities, unearned revenue, current portion of long-term debt, and short-term borrowings. Current liabilities have increased primarily due to the increases in vendor payables as noted above. Noncurrent liabilities are primarily made up of the long-term portion of the notes and bonds payable. Noncurrent liabilities decreased by approximately $5.6 million primarily as a result of decreases in long-term borrowings.

Deferred outflows of resources in the amount of $3.2 million and deferred inflows of resources in the amount of $4.2 million were established in 2015 as a result of the adoption of Government Accounting Standards Board (GASB) Statement No. 68, *Financial Reporting for Pensions – an amendment of GASB No. 27,* and *GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68,* which require governments participating in pension plans for their employees to record their share of net pension liabilities. The deferred outflows of resources primarily relate to contributions made by the Authority subsequent to the measurement date of the collective net pension liability, and the deferred inflows of resources primarily relate to the difference between projected and actual earnings on plan investments. Fiscal year 2015 financial results reflect application of the accounting changes required by Statement No. 68, which have also been been applied to fiscal year 2014 in order to make it comparable to the current year.

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 11.8% during the year from $218.0 million to $243.7 million. This was primarily the result of increases in operating revenues and reductions in non-operating expenses.

Condensed Statement of Net Position

(In thousands)

		December 31	
		2015	2014
Assets:			
Current assets, net	$	109,827	96,409
Noncurrent investments and cash		15,857	16,949
Capital assets, net		306,246	299,241
Notes receivable, long-term, net		220,710	214,808
Other noncurrent receivables and other		32,310	31,520
Total assets		684,950	658,927
Deferred outflows of resources		3,228	1,434
Total assets and deferred outflows of resources		688,178	660,361
Liabilities:			
Current liabilities		28,764	22,999
Noncurrent liabilities		174,385	179,965
Total liabilities		203,149	202,964
Deferred inflows of resources		4,176	9,378
Net position:			
Net investment in capital assets		223,535	218,243
Restricted for debt service		13,578	11,669
Unrestricted		243,740	217,986
Total net position (as restated)		480,853	447,898
Total liabilities and net position		684,002	650,862
Total liabilities, net position and deferred inflows of resources	$	688,178	660,240

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, 2015 compared to the year ended December 31, 2014. Overall, operating revenues increased by approximately 7.4% or $13.6 million from 2014 to 2015 and operating expenses increased by 3.3% or approximately $5.6 million for the year; net nonoperating expenses decreased by 76.8% or approximately $4.8 million; and capital contributions decreased approximately 38.0% or $8.1 million. Net position increased in 2015 by approximately $33.0 million. Explanations of principal reasons for these changes follow.

There were two primary reasons for favorable increases in operating revenues. The Authority had increases in subsidies for housing assistance payments in the Housing Choice Voucher program and other operating revenues increased from land sales at High Point redevelopment and from a contribution from Seattle Public Utilities for infrastructure work at Yesler Terrace redevelopment. Subsidies for the Move-To-Work (MTW) Housing Choice Voucher Program are part of the MTW Block Grant for the Authority, and as such cover Housing Assistance Payments (HAP's), the greatest portion of this funding, as well as administrative costs of the Housing Choice Voucher Program and other single fund activities under the MTW demonstration program and the Authority's MTW contract.

The most significant increases in operating expenses were related to housing assistance payments and to other operating expenses. There were smaller increases in housing operations and administration and tenant services. The Authority experienced slight decreases in utility and maintenance expenses as well as depreciation and amortization. Housing assistance payments increased due to higher utilization and higher voucher payment standards while other expenses increased as a result of increased soft costs related to the infrastructure construction at Yesler Terrace redevelopment.

Net nonoperating expenses decreased by approximately $4.8 million during the year. Interest expense was reduced compared to 2014 due to reductions in long term debt in 2015 and refundings of long term debt to lower interest rates during 2014 and 2015. In 2014 the Authority reported losses on limited partnerships of $2.3 million and losses from disposition of assets of $2.5 million that resulted in higher non operating losses for 2014 compared to 2015.

Capital contributions for the year ended December 31, 2015 were made up of $7.7 million from HUD capital grants and $5.5 million from the Choice Neighborhoods grant, which is one of the funding sources for Yesler Terrace redevelopment.

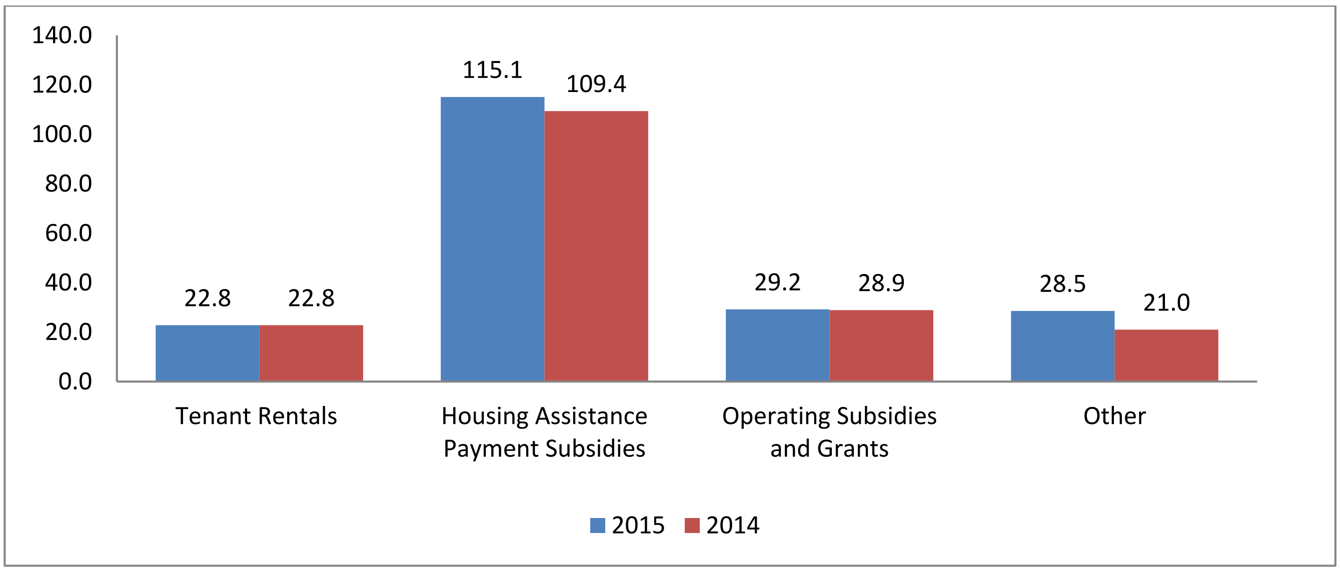
Statement of Revenues, Expenses, and Changes in Net Position

(In thousands)

		Year ended December 31	
		2015	**2014**
Operating revenues:			
Tenant rentals	$	22,837	22,786
Housing assistance payment subsidies		115,101	109,439
Operating subsidies and grants		29,246	28,898
Other		28,512	21,003
Total operating revenues		195,696	182,126
Operating expenses:			
Housing operations and administration		49,456	48,731
Tenant services		5,072	4,097
Utility services		6,046	6,335
Maintenance		18,481	18,696
Housing assistance payments		82,776	79,543
Other		3,345	1,398
Depreciation and amortization		9,315	10,077
Total operating expenses		174,491	168,877
Operating income		21,205	13,249
Nonoperating revenues (expenses):			
Interest expense		(4,572)	(5,082)
Interest income		3,520	3,698
Change in fair value of investments		(2)	(41)
Loss on investment in limited partnerships		(1)	(2,321)
Loss on disposition of assets		(404)	(2,541)
Net nonoperating expenses		(1,459)	(6,287)
Change in net position before capital contributions		19,746	6,962
Capital contributions		13,209	21,307
Change in net position		32,955	28,269
Total net position, beginning of year (as restated)		447,898	419,629
Total net position, end of year	$	480,853	447,898

Operating revenues are shown in detail in the chart below:

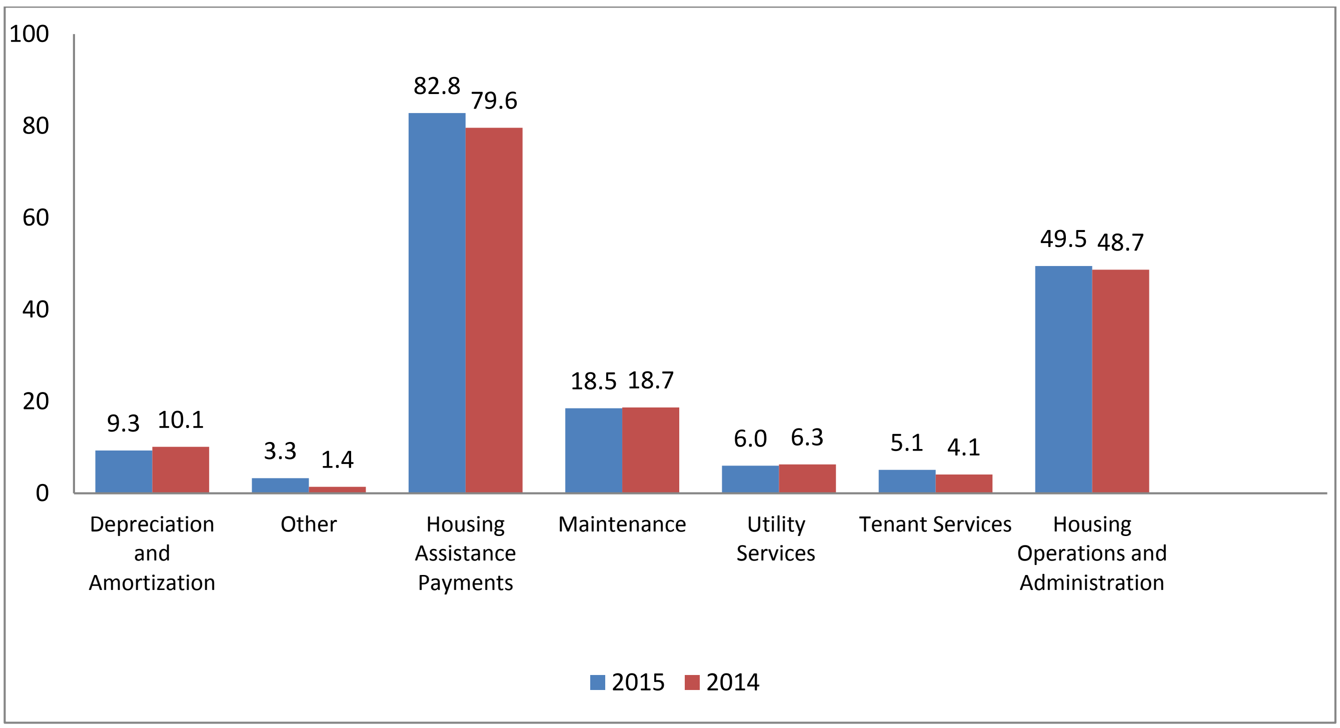
Operating Revenues – 2015 and 2014



Dollars (in millions)

Operating expenses are shown in detail in the chart below:

Operating Expenses – 2015 and 2014



Dollars (in millions)

Capital Asset and Debt Administration

The Authority increased capital assets, net, during the year ended December 31, 2015 by approximately $7.0 million.

The table below shows the Authority's capital assets, net of accumulated depreciation and amortization, at December 31, 2015 and 2014 (in thousands):

		2015	2014
Land	$	63,501	63,501
Land improvements		37,896	38,875
Structures		179,488	183,574
Leasehold improvements		266	356
Equipment		1,299	1,470
Construction in progress		23,796	11,465
Total capital assets, net	$	306,246	299,241

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, 2015 (in thousands):

		2015
Modernization funds – Capital grants	$	2,028
Modernization funds – Choice neighborhood grant		3,546
Yesler Terrace Infrastructure		16,179
Other programs		2,043
Total construction in progress	$	23,796

Note 5 to the Authority's basic financial statements provides additional detail regarding the changes in capital assets during the year ended December 31, 2015.

Total debt outstanding decreased from 2014 to 2015 by $9.7 million. The Authority decreased short-term borrowings by $1.5 million as a result of from payments on the taxable line of credit. Bonds payable decreased primarily due to the payoff of the bonds for High Rise Rehabilitation project, Phase I in the amount of $7.9 million. This was offset by a bond refunding for the Gamelin and Genesee buildings which resulted in an additional $3.3M of bonds payable.

The table below shows the Authority's outstanding debt at December 31, 2015 and 2014 (in thousands):

		2015	2014
Short-term borrowings	$	2,081	3,592
Notes payable		39,990	40,494
Bonds payable		65,437	73,170
Total debt outstanding	$	107,508	117,256

Notes 6 and 7 to the Authority's basic financial statements provide additional detail regarding the debt changes during the year ended December 31, 2015.

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

Federal Funding Support to the Authority

Federal appropriation levels for HUD programs, such as Section 8 Housing Choice Voucher Program and Section 9 Public Housing Operating Subsidies, and the various capital programs continue to have a major impact on the Authority's budget. Federal housing dollars make up the largest source of operating revenue for the Authority and the principal source of funding for public housing capital. During 2015, the Authority earned $144.3 million in federal dollars for its operating programs and $13.2 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 $306.2 million of capital assets as of December 31, 2015.

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 over a ten year period 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% 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 and 2017 to be only a modest change from 2015 funding, as a result of Congress renewing for two years the moderation of the sequestration budget ceilings. That said, over the long-term federal budget deficits can only grow as the baby-boomer generation ages and Congress and the President fail to address either new revenues or changes in mandatory spending programs.

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 sales 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. On the flip side, we are benefiting at Yesler Terrace from land appreciation in sale of blocks for private residential development.

Perhaps of most concern is that the low income households who qualify for rental assistance vouchers are finding the private rental stock in Seattle unaffordable to them and half of new voucher holders are failing to lease a unit after up to 180 days of looking. The private rental market has seen an increase of nearly 17% in rents from 2014 to 2016; at the same time, vacancy rates are at all-time lows, hovering between 2.0-2.5%, with larger bedroom sizes below 1.5%. The Authority will raise its voucher payment standard in May 2016 for the third time in 18 months – this time by 25% – in an effort to improve voucher holders buying power, but this won't address the scarcity of vacancies. The Authority has also undertaken housing search assistance and counseling to address the affordability crisis and SHA 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, 2015

Assets and Deferred Outflows of Resources		Primary government	Component units
Current assets:			
Cash and cash equivalents	$	4,448,951	4,613,622
Restricted cash		8,285,189	21,894,597
Investments		79,988,700	—
Accounts receivable:			
Tenant rentals and service charges		409,496	519,544
Other		891,740	38,254
Due from:			
Other governments		3,140,980	—
Primary government		—	204,140
Component units (net of allowance of $1,542,581)		7,227,307	—
Inventory and prepaid items		406,831	907,197
Restricted investments		3,164,228	19,797
Unamortized charges		221,667	4,602,105
Notes receivable		944,201	—
Notes receivable from component units		40,000	—
Assets held for sale		613,206	—
Other assets		44,353	—
Total current assets		109,826,849	32,799,256
Noncurrent assets:			
Investments		7,987,629	—
Cash restricted for long-term purpose		1,171,025	—
Restricted investments		6,698,983	576,623
Due from component units (net of allowance of $13,179,097)		19,902,999	—
Assets held for sale		6,964,990	—
Other		5,442,415	4,085,171
Capital assets:			
Land		63,500,815	5,099,274
Land improvements		43,812,813	21,490,242
Leasehold improvements		897,974	—
Structures		391,219,505	402,714,038
Equipment		16,789,665	8,922,117
Construction in progress		23,795,946	31,874,642
Less accumulated depreciation and amortization		(233,770,733)	(94,494,298)
Capital assets, net		306,245,985	375,606,015
Notes receivable, less current portion (net of allowance of $5,702,137)		13,201,009	—
Notes receivable from component units, less current portion (net of allowance of $4,013,439)		207,508,641	—
Total noncurrent assets		575,123,676	380,267,809
Total assets		684,950,525	413,067,065
Deferred outflows of resources		3,227,683	—
Total assets and deferred outflows of resources	$	688,178,208	413,067,065

(Continued)

Exhibit A-1

THE HOUSING AUTHORITY OF THE CITY OF SEATTLE, WASHINGTON

Statement of Net Position

December 31, 2015

Liabilities, Deferred Inflows of Resources and Net Position		**Primary government**	**Component units**
Current liabilities:			
Accounts payable:			
Vendors and contractors	$	8,916,651	6,576,951
Other		1,733,395	490,874
Accrued liabilities		4,077,574	5,192,458
Due to component units		204,140	—
Due to primary government		—	8,769,888
Security deposits		1,394,402	1,263,383
Short-term borrowings		2,080,982	—
Short-term borrowings from primary government		—	40,000
Current portion of long-term debt		5,623,934	14,192,025
Unearned revenue		4,732,738	8,623
Total current liabilities		28,763,816	36,534,202
Noncurrent liabilities:			
Due to primary government		—	33,082,096
Unearned revenue		42,400,125	—
Long-term payables and liabilities		587,385	473,226
Long-term debt, less current portion:			
Notes payable to primary government		—	211,522,080
Notes payable		39,446,270	49,603,271
Bonds payable		60,356,551	37,195,797
Accrued compensated absences		2,809,230	—
OPEB liability		1,534,000	—
Net pension liability		27,251,963	—
Total noncurrent liabilities		174,385,524	331,876,470
Total liabilities		203,149,340	368,410,672
Deferred inflows of resources		4,175,760	—
Total liabilities and deferred inflows of resources		207,325,100	368,410,672
Net position:			
Net investment in capital assets		223,534,799	63,052,842
Restricted for debt service		13,578,114	21,207,837
Unrestricted (deficit)		243,740,195	(39,604,286)
Total net position (as restated)		480,853,108	44,656,393
Total liabilities, deferred inflows of resources and net position	$	688,178,208	413,067,065

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, 2015

	Primary government	Component units
Operating revenues:		
Tenant rentals	$ 22,837,426	28,977,883
Housing assistance payment subsidies	115,101,121	—
Operating subsidies and grants	29,245,755	—
Other	28,511,890	1,234,642
Total operating revenues	195,696,192	30,212,525
Operating expenses:		
Housing operations and administration	49,455,950	8,475,910
Tenant services	5,072,113	—
Utility services	6,045,785	4,514,389
Maintenance	18,481,187	6,887,453
Housing assistance payments	82,775,844	—
Other	3,344,964	2,920,110
Depreciation and amortization	9,314,799	11,903,415
Total operating expenses	174,490,642	34,701,277
Operating income (loss)	21,205,550	(4,488,752)
Nonoperating revenues (expenses):		
Interest expense	(4,572,533)	(7,107,415)
Interest income	3,520,102	59,374
Change in fair value of investments	(1,704)	269,233
Loss on investment in limited partnerships	(1,160)	—
Loss on disposition of assets	(403,789)	—
Net nonoperating expenses	(1,459,084)	(6,778,808)
Change in net position before contributions	19,746,466	(11,267,560)
Contributions:		
Capital contributions	13,208,823	—
Partners' contributions	—	7,314,074
Total contributions	13,208,823	7,314,074
Change in net position	32,955,289	(3,953,486)
Total net position at beginning of year (as restated)	447,897,819	48,609,879
Total net position at end of year	$ 480,853,108	44,656,393

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, 2015

		Primary government
Cash flows from operating activities:		
Receipts from residents	$	23,208,365
Receipts from other sources		27,896,205
Operating grants and subsidies received		144,056,467
Advances to affiliates		(6,261,407)
Payments to vendors		(52,973,099)
Housing assistance payments		(82,775,844)
Payments for salaries and benefits		(28,853,582)
Net cash provided by operating activities		24,297,105
Cash flows from capital and related financing activities:		
Capital contributions		13,267,326
Acquisition and construction of capital assets		(13,996,541)
Proceeds from dispositions of property and equipment		1,127,150
Proceeds from long-term borrowings		3,320,000
Principal payments on notes and bonds payable		(13,068,127)
Interest paid		(4,480,375)
Net cash used in capital and related financing activities		(13,830,567)
Cash flows from investing activities:		
Investment income received		4,057,713
Maturity of investment securities		46,644,750
Purchases of investment securities		(56,324,209)
Increase in net investment of partnerships		140,695
Collections on notes receivable		290,385
Advances on notes receivable		(6,415,449)
Net cash used in investing activities		(11,606,115)
Decrease in cash and cash equivalents		(1,139,577)
Cash and cash equivalents at beginning of year		15,044,742
Cash and cash equivalents at end of year	$	13,905,165
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	$	21,205,550
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization		9,314,799
Notes receivable allowance		
Changes in operating assets and liabilities:		
Accounts receivable and other assets		(5,933,810)
Inventory and prepaid items		(24,747)
Accounts payable and other liabilities		1,864,981
Accrued compensated absences		(20)
Unearned revenue and other		(2,129,648)
Total adjustments		3,091,555
Net cash provided by operating activities	$	24,297,105

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 6,040 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 10,359 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 932 units of low-income housing. These projects are financed primarily through bond issues and receive no external funding. On-site management for these units may be done by the Authority or contracted with other management companies. In addition, the Authority also has 739 nonpublic housing, tax credit units within the HOPE VI redeveloped communities.

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

(b) Reporting Entity

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

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

Component units are reported as part of the reporting entity under either the blended or discrete method of presentation. The discrete method presents the financial statements of the component 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, 2015. 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 to provide operating subsidy for ongoing operations and some partnership debt obligations are backed by the Authority's general revenues. Additionally, in some cases, the Authority is legally obligated to fund operating deficits and could be liable for tax payment upon exiting the partnerships. The Authority also has outstanding loans and net advances to the limited partnerships amounting to approximately $234.7 million at December 31, 2015. 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: Desdemona Limited Partnership (Desdemona), Escallonia Limited Partnership (Escallonia), High Point North Limited Partnership (High Point North), High Point South Limited Partnership (High Point South), Ritz Apartments Limited Partnership (Ritz Apartments), Alder Crest Limited Partnership (Alder Crest), High Rise Rehabilitation Phase I Limited Partnership (homeWorks I), Seattle High Rise Phase II Limited Partnership (homeWorks II), Seattle High Rise Phase III Limited Partnership (homeWorks III), Douglas Apartments Limited Partnership (South Shore Court), Tamarack Place Limited Partnership (Tamarack Place), Lake City Village Limited Liability Limited Partnership (Lake City Court), Rainier Vista Northeast Limited Liability Limited Partnership (Rainier Vista NE), Leschi House Limited Liability Limited Partnership (Leschi House), 1105 East Fir Limited Liability Limited Partnership (Kebero Court), 820 Yesler Way Limited Liability Limited Partnership (Raven Terrace) and 221 10^{th} Ave S Limited Liability Limited Partnership (Hoa Mai Gardens).

Desdemona 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 Desdemona 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 partnership for a nominal amount under a noncancelable 99-year operating lease. The Authority is the 0.01% general partner of the partnership and is obligated to fund an operating deficit without limitation as to amount. As of December 31, 2015, Desdemona has no outstanding developer fees payable to the Authority.

Escallonia 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 Escallonia will continue to operate and manage the rental units. The Authority participates as the 0.01% managing general partner of the partnership. The Authority has leased the land for phase one of the Rainier Vista redevelopment project to the partnership for a nominal amount under a noncancelable 99-year operating lease. As of December 31, 2015, Escallonia owed the Authority for developer fees in the amount of $485,418.

High Point North 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 partnership. The Authority has leased the land for phase one of the High Point redevelopment project to the partnership 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, 2015, High Point North owed the Authority developer fees in the amount of $1,541,649.

High Point South is a separate legal entity created on July 12, 2007 to undertake phase two of the redevelopment activities at the High Point community. The Authority participates as the 0.01% managing general partner of the partnership. The Authority has leased the land for phase two of the High Point redevelopment project to the partnership for a nominal amount under a noncancelable 99-year operating lease. The Authority is obligated to fund operating or other cash shortfalls of the partnership. As of December 31, 2015, High Point South owed the Authority $2,193,544 for developer fees.

Ritz Apartments is a separate legal entity created on August 12, 2004 to undertake rehabilitation of the Ritz Apartments. During fiscal year 2005, the Ritz Apartments 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 partnership. 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, 2015, Ritz Apartments owed the Authority $170,515 for developer fees.

Alder Crest is a separate legal entity created on January 1, 2005 to undertake rehabilitation of the Alder Crest Apartments. Alder Crest admitted a tax credit investor to the partnership as a 99.99% limited partner. The Authority participates as the 0.01% managing general partner of the partnership and the Authority has leased the building to Alder Crest 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, 2015, the Alder Crest owed the Authority oversight developer fees amounting to $39,748.

homeWorks I 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 contributions to reserve accounts. As of December 31, 2015, homeWorks I has no outstanding developer fee payable to the Authority.

homeWorks II 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, 2015, homeWorks II has no outstanding developer fee payable to the Authority.

homeWorks III 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, 2015, homeWorks III has no outstanding developer fee payable to the Authority.

South Shore Court is a separate legal entity created on September 17, 2007 to undertake rehabilitation of the Douglas Apartments, owned by the Authority. South Shore Court admitted a tax credit investor to the partnership as a 99.99% limited partner and the Authority participates as the 0.01% managing general partner. The land and building are leased to the partnership under a 75-year financing lease. If an operating deficit exists, the Authority is obligated to loan funds to the partnership up to the amount of the deficit. As of December 31, 2015, the South Shore Court owed the Authority developer fees in the amount of $283,146.

Tamarack Place is a separate legal entity created on October 15, 2008 to undertake phase two of the redevelopment activities at the Rainier Vista community. During 2010, Tamarack Place admitted a tax credit investor to the partnership as a 99.99% limited partner and the Authority participates as the 0.01% managing general partner. The 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, 2015, Tamarack Place owed the Authority developer fees in the amount of $145,711.

Lake City Court is a separate legal entity created on December 3, 2009 to undertake redevelopment activities at the site formerly occupied by Lake City Village, which was demolished in 2002 due to severe flooding damage to the housing units. During 2010, the Lake City Court admitted a tax credit investor to the partnership as a 99.99% limited partner and the Authority participates as the 0.01% managing general partner. The partnership has a 55-year capital lease for the land with the Authority for $2,750,000 of which $1,675,000 is payable as of December 31, 2015. If an operating deficit exists, the Authority is obligated to contribute funds to the partnership up to $515,000. As of December 31, 2015, Lake City Court has no developer fees owed to the Authority.

Rainier Vista NE is a separate legal entity created on January 29, 2010 to undertake phase three of the redevelopment activities at the Rainier Vista Community. During 2010, Rainier Vista NE admitted a tax credit investor to the partnership as a 99.99% limited partner and the Authority participates as the 0.01% managing general partner. The 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, 2015, Rainier Vista NE has no outstanding developer fees payable to the Authority.

Leschi House is a separate legal entity created on October 8, 2012 to undertake the redevelopment of Leschi House, a property in the Senior Housing portfolio. During 2015, Leschi House admitted a tax credit investor to the partnership as a 99.99% limited partner and the Authority participates as the 0.01% managing general partner. The Authority has a long-term 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, 2015, the Leschi House owed the Authority developer fees in the amount of $810,000.

Kebero Court is a separate legal entity created on October 23, 2012 to undertake the first phase of the redevelopment of Yesler Terrace with the construction of a 103-unit apartment building. During 2014, Kebero Court admitted a tax credit investor to the partnership as a 99.99% limited partner and the Authority participates as the 0.01% managing general partner. The partnership has leased the land from the Authority for 99 years. The Authority has unlimited obligation to fund operating deficits through the stabilization date. After that date, operating the obligation will be limited to $384,000. As of December 31, 2015, Kebero Court owed the Authority developer fees in the amount of $1,275,000.

Raven Terrace 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 2015, Raven Terrace admitted a tax credit investor to the partnership as a 99.98% limited partner and a 0.01% special limited partner. The Authority participates as the 0.01% managing general partner of the partnership. The partnership has leased the land from the Authority for 99 years for a nominal amount. If there are insufficient funds in the operating deficit reserve, the Authority is obligated to provide noninterest-bearing loans to the partnership. As of December 31, 2015, Raven Terrace owed the Authority developer fees in the amount of $1,185,000.

Hoa Mai Gardens is a separate legal entity created on February 2, 2015 to continue with the redevelopment of Yesler Terrace with the construction of an 111-unit apartment building. During 2015, the Hoa Mai Gardens admitted a tax credit investor to the partnership as a 99.99% limited partner and the Authority participates as the 0.01% managing general partner. The partnership has leased the land from the Authority for 99 years. The Authority has unlimited obligation to fund operating deficits through the stabilization date. The partnership agreement does not specify the obligation of the general partner in regard to funding operating shortfalls after stabilization. As of December 31, 2015, 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, 2015 and may be obtained by contacting the Authority.

The Othello Street Limited Partnership (Othello) was a separate legal entity created on September 9, 1999 to undertake phase two of the redevelopment activities at the Holly Park community. On January 1, 2015 the limited partner (The Housing Outreach Fund VIII 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, the Othello was reported as a discretely presented component unit of the Authority.

The transaction resulted in the following increases and decreases in the January 1, 2015 amounts reported for the primary government and component units:

		Primary government	Component units
Current assets	$	888,874	(888,874)
Write-off deferred charges		—	(305,085)
Allowance for loss on interest receivable		247,485	—
Capital assets, net		10,153,592	(10,153,592)
Noncurrent assets		321,710	(321,710)
Inter-entity receivables/payables		(950,616)	950,616
Inter-entity notes receivables/payables		(6,195,384)	6,195,384
Current liabilities		(499,804)	499,804
Noncurrent liabilities		(19,896)	19,896
Long term debt		(3,915,000)	3,915,000
Investment in limited partnerships		(120,478)	—
Net position	$	(89,517)	(88,561)

(c) New Accounting Standards Adopted

Effective January 1, 2015, the Authority adopted GASB Statement No. 68, *Financial Reporting for Pensions – an amendment of GASB No. 27*, and has retroactively restated its financial statements accordingly. This statement establishes accounting and financial reporting requirements for pension plans that are administered through trusts. Statement No. 68 requires governments participating in cost-sharing multiple-employer defined benefit plans to recognize a liability for its proportionate share of the net pension liability of the collective pension liability of all employers in the plan. A cost sharing employer is required to recognize pension expense and report deferred outflows and deferred inflows of resources related to pensions. The Authority also adopted GASB Statement No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, which addresses an issue regarding application of the transition provisions of Statement No. 68.

In accordance with the new standards, the Authority restated its net position for December 31, 2014 as of January 1, 2015. The merger with Othello in note 1 (b) also impacted the restatement of net position as shown in the table below.

Net position as previously reported	$	477,363,920
Adoption of GASB Statement No. 68 and 71		(29,376,584)
Combination of Othello Street Limited Partnership		(89,517)
Net position, as restated	$	447,897,819

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

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.

GASB Statement No. 75, *Accounting and Financial Reporting for Post Employment Benefits Other Than Pensions (OPEB),* addresses accounting and financial reporting for OPEB that is provided to employees of state and local governmental employers. The provisions of this Statement are effective for periods beginning after June 15, 2017.

GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments,* will improve financial reporting and comparability of financial statement information among governments by providing clear guidance on how to apply financial reporting guidance. The requirements of this statement are effective for periods beginning after June 15, 2015 and should be applied retroactively.

GASB Statement No. 79, *Certain External Investment Pools and Pool Participants,* will establish specific criteria used to determine whether a qualifying external investment pool may elect to use an amortized cost exception to fair value measurement. The requirements of this statement are effective for periods beginning after December 15, 2015.

GASB Statement No. 82, *Pension Issues*, will address certain issues that have been raised regarding GASB Statements No. 67, No. 68, and No. 73. The requirements of this statement are effective for periods beginning after June 15, 2017.

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 but the potential revenue has not been earned in the current period. Unearned revenues also arise when resources are received by the Authority before it has a legal claim to them, as grant monies are received prior to meeting all eligibility requirements and/or the occurrence of qualifying expenditures. In subsequent periods, when both the revenue recognition criteria are met or when the Authority has a legal claim to the resources, the liability for unearned revenue is removed from the statement of net position and revenue is recognized.

(f) Cash and Investments

Cash and cash equivalents are comprised of cash on hand, demand deposits, and short-term investments with a term of less than one year. All of the Authority's investments are reported at fair value with the exception of the 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 collectability 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 using the straight-line method over estimated useful lives the following:

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, 2015, the Bay View Tower project paid the Authority management fees of $53,045, which is equal to 5.0% 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 2015 and no amounts are due and payable as of December 31, 2015.

(o) Unearned Revenue

The Authority has unearned revenue resulting from operating lease payments received from eight of its discretely presented component units: Ritz Apartments, Alder Crest, South Shore Court, Lake City Court, homeWorks I, homeWorks II, homeWorks III, and Leschi House. 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

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources, and pension expense, information about the fiduciary net position of the Washington state Public Employees' Retirement System (PERS) cost-sharing multiple-employer defined benefit plans and additions to/deductions from PERS's fiduciary net position have determined on the same bases as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

(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, 2015, the Authority's carrying amount of deposits (excluding petty cash and U.S. Post Office deposits) was $13,898,719 and the bank balance was $14,284,917. 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 $3,946 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, 2015, 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	$ 5,808,785	—	—	5,808,785
U.S. agency securities	AAA	—	7,987,629	3,373,058	11,360,687
State investment pool	n/a	80,670,068	—	—	80,670,068
Total investments		$ 86,478,853	7,987,629	3,373,058	97,839,540

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

(c) Component Unit Deposits

As of December 31, 2015, the component units' carrying amount of deposits (excluding petty cash) was $26,508,175 and the bank balance was $26,588,054. 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, 2015, investments of $596,420 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, 2015, 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	$ 19,797	—	19,797
Yield agreements	n/a	—	576,623	576,623
Total investments		$ 19,797	576,623	596,420

(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, 2015 as shown in the schedule below:

	Residential	Commercial	Total
Total security deposits	$ 1,214,562	179,840	1,394,402

(b) Bond Trust Funds and Mortgage Reserves

As of December 31, 2015, 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.	$ 253,183
Cash is held for replacement reserves on the public housing units at New Holly Phase II. Interest is paid at approximately 0.15% as of December 31, 2015.	224,346
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.	847,909
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%.	30,245
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 5.15%.	3,373,058
Reserves are held in restricted cash accounts for the mortgage on Wedgwood Estates and bear interest at approximately 0.046%.	1,408,637
Reserves are held in restricted cash accounts for taxes and insurance for Wedgewood Estates and bear no interest.	113,285
Reserves are held in restricted cash accounts for the mortgage on Wisteria Court Apartments and bear interest at approximately 0.08%.	294,751
Reserves are held in restricted cash accounts for taxes and insurance for Wisteria Court Apartments and bear no interest.	38,742
Restricted cash is held for the Beacon operating reserves and replacement reserves. The funds consist of money market funds and bear interest at approximately 0.21%.	124,489
Reserves are held in restricted cash accounts for the capital replacement and operations of Villa Park and bear interest at approximately 0.20%.	101,002
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%.	1,038,665
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%.	277,288

		Balance
Reserves are held in restricted cash accounts for the Holly Park Phase I and Phase II operating reserve and tax credit replacement reserve and bear interest at approximately 0.20%.		2,374,591
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%.		139,054
Restricted cash is held for critical repairs at Wedgewood Estates related to the refinancing of the building. The account bears interest at 0.24%.		389,032
Restricted cash held for bond activity related to the Douglas Apartment bonds. The account bears no interest.		281,722
Reserves are held in cash accounts for Ravenna School replacement reserves and bear interest at approximately 0.15%		184,869
Restricted investments held for critical repairs at Replacement housing properties and Yesler Court related to the 2013 bond refunding. The funds bear no interest.		128,536
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.		777,833
Restricted money market funds are held for the payment of principal and interest for properties of the 2015 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.		862,003
Investments are held for the Genesee/Gamelin 2015 bond refunding refunding for the payment of principal and interest. The funds bear no interest.		14,511
Investments are held for the Genesee/Gamelin bond payoff in January 2016. The funds bear no interest.		2,484,544
Restricted cash and investments are held for Holly Park Phase II bonds for the payment of principal and interest. The accounts consist of money market funds and bear interest at approximately 0.0148%.		322,382
Restricted cash is held for Holly Park Phase II public housing expense reserve and operating deficit reserve. The funds bear interest at approximately 0.2%.		435,380
Total	$	16,764,967

(c) Other Restricted Funds

As of December 31, 2015, restricted cash amounts of $587,385 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 $21,087 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 $83,147 were held as of December 31, 2015.

Restricted cash amounts of $81,033 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 $223,583 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 $163,821 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 $327.

(Continued)

(4) Notes Receivable

(a) Other Than from Component Units

	December 31, 2015	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	—
Due from the Low Income Housing Institute (LIHI), a Washington nonprofit corporation, and the Lakeview Apartments Limited Partnership. The note bears interest at 3% annually and all interest and principal will be forgiven in December 2040, if the project is operated according to the loan regulatory agreement.	494,600	—
Due from the Plymouth Housing Group (PHG), a Washington nonprofit corporation. The loan bears interest at 1% annually and all principal and interest are due January 2041. Provided the borrower complies with the loan regulatory agreement, all principal and interest will be forgiven January 2041.	856,912	—
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, 2015	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%.	$	193,669	193,669
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.		778,139	27,332
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, 2015	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 Homestead Community Land Trust for four 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 sold to a qualified low-income borrower. Final maturity date was extended to June 30, 2016.	723,200	723,200
Due from Neighborhood House for land sold at Rainier Vista. The note bears no interest and matures August 31, 2054.	210,000	—
Allowance for loss	(641,161)	—
Total notes receivable, net	$ 14,145,210	944,201

The Authority has gross notes receivable and an allowance of $5,060,976 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

	December 31, 2015	Due within one year
Two notes due from homeWorks I. One note for $12,000,000 bears interest at 4.82% per annum during rehabilitation and 2.75% per annum thereafter. The other note in the amount of $12,000,000 bears interest at 4.68% per annum during rehabilitation and 2.75% per annum thereafter. Both notes mature on January 1, 2046 with principal and interest payments due quarterly during rehabilitation and annually from available cash flows thereafter. As of December 31, 2015, the amount of interest payable to the Authority was $4,144,250.	$ 24,000,000	—
Two notes due from Escallonia. 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, 2015, interest payable to the Authority was $2,159,950.	23,347,094	—
Two notes due from High Point North in the amounts of $8,500,000 and $16,652,734. The notes bear compounding interest at 1% per annum and mature in in fiscal year 2054. Interest payments are due annually from available net cash flows. As of December 31, 2015, interest payable to the Authority was $3,029,150.	25,152,734	—
Due from Ritz Apartments. 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, 2015 was $46,972.	265,856	—
Due from Alder Crest. The note bears interest at 5% per annum and matures March, 2057 with payments from available cash flows. Interest payable to the Authority on December 31, 2015 was $104,847.	220,000	—

	December 31, 2015	Due within one year
Due from Alder Crest for renovations. The note bears interest at 0.5% per annum, payable annually beginning January 1,2014. The loan shall not exceed $371,816 and matures January 31, 2029. No interest was due to the Authority on December 31, 2015.	$ 121,816	—
Two notes due from Desdemona. 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, 2015 was $4,115,628.	12,889,135	—
Two notes due from High Point South in the amounts of $4,606,506 and $8,606,159. The notes bear interest at at 1% per annum and mature in 2062. Interest payments are due annually from available net cash flows. As of December 31, 2015, interest payable to the Authority was $836,802.	13,212,665	—
Two notes due from homeWorks II in the amounts of $12,000,000 and $16,051,551. The notes bear bear interest at 4.88% and 4.60%, respectively, during rehabilitation and 3.5% thereafter. Both notes mature December 21, 2046. As of December 31,2015, interest payable to the Authority was $5,816,455.	28,051,551	—
Two notes due from homeWorks III in the amounts of $9,200,000 and $11,750,000. The notes bear interest at 4.13% and 5.04%, respectively, during rehabilitation and 4.25%, thereafter. Both notes mature December 19, 2047. As of December 31, 2015, interest payable to the Authority was $4,198,289.	20,950,000	—
Due from Tamarack Place. 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, 2015, interest payable to the Authority was $650,000.	10,400,000	—

	Balance December 31, 2015	Due within one year
Two notes due from Rainier Vista NE. 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, 2015, interest payable to the Authority was $727,909.	$ 16,604,268	—
Due from Lake City Court. The amount of the note is up to $16,402,326. The note accrues interest at 0.8% per per annum and matures May 2065. As of December 31, 2015, interest payable to the Authority was $898,256.	16,358,505	—
Due from South Shore Court. The note accrues interest at 4.80% per annum and matures June 2040. As of December 31, 2015, interest payable to the Authority was $7,240.	1,810,000	40,000
Two notes due from Kebero Court. The notes accrue interest at 3.0% per annum and mature April 1, 2065. As of December 31, 2015, interest payable to the Authority was $409,566.	8,668,981	—
Due from Raven Terrace. The note accrues interest at 2.5% and matures in 2069. As of December 31, 2015 interest payable to the Authority was $137,952.	6,997,709	
Due from Leschi House. The note accrues interest at 1.0% per annum and matures April 30, 2065. As of December 31,2015, interest payable to the Authority was $2,073.	624,478	—
Due from Hoa Mai Gardens. The note accrues interest at 1.0% per annum and matures December 1, 2065. As of December 31,2015 interest payable to the Authority was $64.	212,288	—
Allowance for loss	(2,338,439)	—
Total notes from component units, net	$ 207,548,641	40,000

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, 2015 was $214,644.

(5) Capital Assets

The following is a summary of changes in capital assets of the Authority for the year ended December 31, 2015:

	Balance January 1, 2015	Additions and transfers-in	Dispositions and transfers-out	Balance December 31, 2015
Capital assets, not being depreciated:				
Land	$ 63,500,815	—	—	63,500,815
Construction in progress	11,465,698	25,944,900	(13,614,652)	23,795,946
Total capital assets, not being depreciated	74,966,513	25,944,900	(13,614,652)	87,296,761
Depreciable capital assets:				
Land improvements	43,812,813	—	—	43,812,813
Structures	401,057,970	4,032,252	(13,870,717)	391,219,505
Leasehold improvements	897,974	—	—	897,974
Equipment	16,706,834	357,975	(275,144)	16,789,665
	462,475,591	4,390,227	(14,145,861)	452,719,957
Less accumulated depreciation and amortization for:				
Land improvements	(4,937,784)	(978,860)	—	(5,916,644)
Structures	(217,483,420)	(7,713,609)	13,465,866	(211,731,163)
Leasehold improvements	(542,059)	(89,797)	—	(631,856)
Equipment	(15,238,025)	(519,685)	266,640	(15,491,070)
Total accumulated depreciation and amortization	(238,201,288)	(9,301,951)	13,732,506	(233,770,733)
Total capital assets, being depreciated, net	224,274,303	(4,911,724)	(413,355)	218,949,224
Total capital assets, net	$ 299,240,816	21,033,176	(14,028,007)	306,245,985

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, 2015:

	Balance January 1, 2015	Additions and transfers-in	Dispositions and transfers-out	Balance December 31, 2015
Capital assets, not being depreciated:				
Land	$ 5,099,274	—	—	5,099,274
Construction in progress	45,295,597	30,244,161	(43,665,116)	31,874,642
Total capital assets not being depreciated	50,394,871	30,244,161	(43,665,116)	36,973,916
Depreciable capital assets:				
Land improvements	20,182,851	1,307,391	—	21,490,242
Structures	361,285,226	41,428,812	—	402,714,038
Equipment	8,158,964	780,850	(17,697)	8,922,117
	389,627,041	43,517,053	(17,697)	433,126,397
Less accumulated depreciation for:				
Land improvements	(8,996,151)	(1,333,722)	2,423,485	(7,906,388)
Structures	(66,951,328)	(9,890,902)	(5,173,996)	(82,016,226)
Equipment	(6,983,386)	(338,809)	2,750,511	(4,571,684)
Total accumulated depreciation	(82,930,865)	(11,563,433)	—	(94,494,298)
Total capital assets, being depreciated, net	306,696,176	31,953,620	(17,697)	338,632,099
Total capital assets, net	$ 357,091,047	62,197,781	(43,682,813)	375,606,015

(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 65.0% of the bank's prime rate plus 0.96%, or 3.24% at December 31, 2015, which is payable monthly. The line of credit matures August 2016. There were no amounts outstanding at December 31, 2015.

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, 2016 with consent of the bank. The rate at December 31, 2015 was 3.24%. 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 3.24% as of December 31, 2015. As of December 31, 2015, 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 0.90%, or 2.6% as of December 31, 2015, which is payable monthly. The line matures on December 3, 2015, and is renewable annually through 2021. The total amount outstanding at December 31, 2015 was $2,080,982.

The following is a summary of changes in the Authority's short-term borrowings for the year ended December 31, 2015:

	Balance January 1, 2015	Additions	Retirements	Balance December 31, 2015
Taxable line of credit for purchase of 6058 35th Ave SW. During the year, the Authority paid off the balances for other properties in the development fund including 103 12th Ave S, and 113 & 117 12th Ave.	$ 2,462,862	—	1,511,177	951,685
Taxable line of credit for purchase of Apartments at 6927 MLK Jr Way S.	1,129,297	—	—	1,129,297
Total short-term borrowings	$ 3,592,159	—	1,511,177	2,080,982

(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, 2015:

	Balance January 1, 2015	Additions	Retirements	Balance December 31, 2015	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	—
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	—

	Balance January 1, 2015	Additions	Retirements	Balance December 31, 2015	Due within one year
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	—
Note payable to 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%. beginning on the 31st year, all unpaid principal and interest will be paid over 20 years with annual payments of $149,383.	2,000,000	—	—	2,000,000	—
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.	775,274	—	19,945	755,329	20,145

	Balance January 1, 2015	Additions	Retirements	Balance December 31, 2015	Due within one year
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.	15,967,318	—	229,922	15,737,396	260,861
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.	3,357,927	—	70,103	3,287,824	74,065

	Balance January 1, 2015	Additions	Retirements	Balance December 31, 2015	Due within one year
Note payable to the City from 1992 for the Beacon House project. Interest accrues at 1% 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 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	—
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%.	834,843	—	169,095	665,748	173,363

(Continued)

	Balance January 1, 2015	Additions	Retirements	Balance December 31, 2015	Due within one year
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	—
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.	1,052,082	—	14,527	1,037,555	15,500
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	40,493,796	—	503,592	39,990,204	543,934

	Balance January 1, 2015	Additions	Retirements	Balance December 31, 2015	Due within one year
Bonds payable for the Wallingford property. The bonds were repaid during the year.	$ 5,358	—	5,358	—	—
Bonds payable tax-exempt series A and taxable series B for the Gamelin and Genesee commercial condo units. The bonds were rerefunded in December 2015 when series B was paid off. Series A was paid off in January, 2016.	3,228,000	—	768,000	2,460,000	2,460,000
Bonds payable for Gamelin and Genesee commercial condo units. The bonds mature in 2035 and bear interest at 4.3%. The bonds are with revenues from the from the properties and by a pledge of the general the general revenues of the Authority.	—	3,320,000	—	3,320,000	125,000
Bonds payable for the High Rise Rehabilitation project, Phase I. The bonds were repaid during the year.	7,860,000	—	7,860,000	—	—
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.	11,416,551	—	675,000	10,741,551	705,000
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.	9,380,000	—	405,000	8,975,000	425,000

(Continued)

	Balance January 1, 2015	Additions	Retirements	Balance December 31, 2015	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.	$ 2,910,000	—	95,000	2,815,000	100,000
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.	3,340,000	—	70,000	3,270,000	70,000
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.	1,175,000	—	450,000	725,000	450,000

	Balance January 1, 2015	Additions	Retirements	Balance December 31, 2015	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 0.17% on December 31, 2015. The bonds are secured by a letter of credit with Key Bank.	$ 1,840,000	—	30,000	1,810,000	40,000
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.	3,990,000	—	160,000	3,830,000	165,000
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.	12,380,000	—	205,000	12,175,000	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%.	13,670,000	—	270,000	13,400,000	275,000

(Continued)

	Balance January 1, 2015	Additions	Retirements	Balance December 31, 2015	Due within one year
Fixed rate bonds for New Holly phase II. The bonds mature January, 2032 and bear interest at 7.0%. The bonds are backed by a deed of trust on the property and by a pledge of the Authority's general revenue.	$ 1,975,000	—	60,000	1,915,000	60,000
Total bonds payable	73,169,909	3,320,000	11,053,358	65,436,551	5,080,000
Accrued compensated absences	3,056,919	2,460,058	2,437,701	3,079,276	270,046
Total long-term obligations	$ 116,720,624	5,780,058	13,994,651	108,506,031	5,893,980

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, 2015:

			Total	
	Bonds	Notes	Principal	Interest
2016	$ 8,105,883	1,576,898	5,623,934	4,058,847
2017	5,458,494	1,776,903	3,294,630	3,940,767
2018	5,197,412	1,572,974	2,931,205	3,839,181
2019	5,209,489	1,499,179	3,004,295	3,704,373
2020	5,221,789	1,365,334	3,010,597	3,576,526
2021–2025	26,085,588	6,701,887	17,231,246	15,556,229
2026–2030	21,804,644	7,166,521	18,270,026	10,701,139
2031–2035	12,799,290	7,021,303	11,779,981	8,040,612
2036–2040	9,865,883	16,803,942	22,126,698	4,543,127
2041–2045	6,819,500	5,694,489	10,920,854	1,593,135
2046–2050	—	2,545,772	2,323,408	222,364
2051–2055	—	187,430	—	187,430
2056–2060	—	1,028,930	850,000	178,930
2061–2065	—	3,773,190	3,730,621	42,569
2066–2070	—	329,260	329,260	—
Total requirements	$ 106,567,972	59,044,012	105,426,755	60,185,229

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, 2015, all bond issues met debt coverage ratio requirements.

(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, 2015, there were 43 series of these special revenue bonds outstanding. The aggregate principal amount payable for the series issued after September 30, 1996 was $342,201,950. The aggregate principal amount payable for the 4 series issued prior to October 1, 1996 could not be determined; their original issue amount totaled $25,310,000.

(c) Component Unit Debt

Desdemona has fixed rate bonds outstanding at December 31, 2015 of $6,605,000. 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 Desdemona'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, 2015, 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, 2015, Desdemona has other long-term debt totaling $16,955,806 secured by liens on the partnership's property. Of this amount, $12,889,135 represents the general partner loans made by the Authority and is secured by liens on the partnership'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, 2015, no interest payments had been made to the Authority. Desdemona 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 were 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 is being 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. Desdemona 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.

Escallonia has bonds outstanding at December 31, 2015 totaling $4,300,000. The bonds were issued by the Authority on behalf of the component unit and are backed by a deed of trust on the partnership'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, 2015, Escallonia has other long-term debt totaling $23,347,094 of general partner loans made by the Authority and secured by liens on the partnership'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.

High Point North has fixed rate bonds outstanding at December 31, 2015 totaling $8,798,831. The bonds were issued by the Authority on behalf of the component unit and are backed by a deed of trust on High Point North'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. The bonds mature on June 1, 2036 and accrue interest at 5.295%.

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As of December 31, 2015, High Point North has other long-term debt totaling $27,152,734. Of this amount, $25,152,734 represents the general partner loans made by the Authority and is secured by liens on the partnership'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, 2015, 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.

High Point South has bonds outstanding at December 31, 2015 totaling $14,965,000. The bonds were issued by the Authority on behalf of the component unit and are backed by a deed of trust on High Point South's leasehold interest in the High Point Phase II redevelopment project. The bonds are further secured by a pledge of the Authority's unobligated general revenue. Interest is due monthly at a fixed rate of 3.98% through an interest rate swap agreement, and 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, 2015, High Point South has other long-term debt totaling $15,212,665. Of this amount, $13,212,665 represents the general partner loans made by the Authority and is secured by liens on the partnership's property. These loans accrue noncompounding interest at 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, 2015, 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.

Ritz Apartments has total loans outstanding totaling $1,768,885 as of December 31, 2015. The construction loan of $943,029 bears interest at 5.496%, requires monthly principal and interest payments, and is due September 1, 2036.

As of December 31, 2015, Ritz Apartments 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.

Alder Crest has outstanding long-term obligations in the amount of $2,458,234 as of December 31, 2015. Of this amount, $992,283 represents a loan payable to the City that bears interest at 1% per annum and matures March 31, 2057. Alder Crest 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. Alder Crest has a loan payable to the State in the amount of $1,013,012. Of this amount, $463,012 requires quarterly payments. The entire amount bears no interest and is payable in full March 31, 2057. In addition, Alder Crest 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.

homeWorks I has long-term obligations totaling $24,000,000 as of December 31, 2015. Of this amount, $12,000,000 represents a promissory note from the general partner made by the Authority and secured by a deed of trust encumbering the partnership'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. homeWorks I 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, 2015. 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.

homeWorks II has long-term obligations totaling $28,051,551 as of December 31, 2015. Of this amount, $12,000,000 represents a promissory note from the general partner made by the Authority and secured by a deed of trust encumbering the partnership'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. homeWorks II 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, 2015. 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.

homeWorks III has long-term obligations totaling $20,950,000 as of December 31, 2015. 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 the partnership'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. homeWorks III 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, 2015. 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.

South Shore Court has outstanding long-term obligations in the amount of $7,960,000 as of December 31, 2015. Of this amount, $3,650,000 represents a loan payable to the City that bears interest at 2% per annum and matures June 30, 2060. Also, the partnership has a long-term note payable to the Authority in the amount of $1,810,000, which bears interest at 4.8% annually and matures June 1, 2040. South Shore Court 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, 2015, Tamarack Place has outstanding long-term obligations in the amount of $11,344,693. Of this amount, $944,693 represents a fixed rate construction loan payable to Washington Community Reinvestment Association (WCRA) at an interest rate of 6.5%. In addition, the Tamarack Place has a loan payable to the Authority in the amount of $10,400,000. The loan bears interest at 1% per annum and is secured by a leasehold deed of trust on the project.

As of December 31, 2015, Lake City Court 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. Lake City Court 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, 2015, Rainier Vista NE has outstanding long-term obligations in the amount of $19,176,849. Rainier Vista NE has a fixed rate note payable to U.S. Bank in the amount of $2,572,581, which is secured by a deed of trust on the property and carries an interest rate of 4.8%. The remaining long-term obligation balance consists of two loans payable to the Authority. Loan one bears interest at 1.5% per annum and is secured by a leasehold deed of trust on the project. As of December 31, 2015, $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, 2015, $6,604,268 was outstanding.

As of December 31, 2015, Kebero Court has outstanding long-term obligations in the amount of $25,370,416. Of this amount, $15,203,202 represents the amounts advanced on variable rate construction loan from Chase. In 2016, the loan will convert to a fixed rate permanent loan in the amount of $7,050,000 which matures November 8, 2034 and the remaining portion will be paid off. The maximum loan amount is $15,250,000. Kebero Court also has a loan payable to the City of Seattle in the amount of $1,814,325, which bears interest at 1.0% and matures in April, 2065. The

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maximum loan amount is $1,855,000. The remaining $8,668,981 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, 2015, Leschi House has outstanding long-term obligations in the amount of $12,848,114. Of this amount, $8,400,000 represents variable rate bonds payable to Bank of America Public Capital Corp. As of December 31, 2015, the rate was 5.13% and matures on August 1, 2045. In addition, Leschi House has a loan payable to the State of Washington Department of Commerce in the amount of $2,499,999. The loan began accruing interest of 1% per annum beginning on May 1, 2015 and matures on April 30, 2065. Leschi House has an additional loan payable to the City of Seattle Office of Housing in the amount of $1,323,637. The loan accrues interest at a rate of 1% per annum and matures on April 30, 2065. Leschi House also has a loan payable to the Authority for $624,478 which bears interest at 1% per annum and matures on April 30, 2065.

As of December 31, 2015, Raven Terrace has outstanding long-term obligations in the amount of $22,675,415. 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. Raven Terrace also has a variable rate construction loan in the amount of $14,535,875, which matures February 2035. The remaining $6,997,709 represents two loans from the Authority that mature in May 2069 and bear interest of 2.5%.

As of December 31, 2015, Hoa Mai Gardens has outstanding long-term obligations in the amount of $262,289. Of this amount $50,001 represents the amounts advanced on variable rate, 32 month construction loan from Chase bank. The maximum loan amount is $25,300,000. After construction is completed, the construction loan will be converted to a fixed rate, permanent loan for up to $10,750,000 with a term of 17 years and amortization period of 35 years. Hoa Mai Gardens also has two notes from the Authority. The first note bears interest at 1% and a term of 50 years; matures in December 2065 and the maximum amount of the notes is $6,688,824. As of December 31, 2015 $212,288 was drawn from that note. The second note bears interest at 1% and carries a term of 50 years with a maximum loan amount of $10,750,000. The loan will be funded when the construction loan is closed.

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

	Balance January 1, 2015	Additions/ transfers	Retirements	Balance December 31, 2015	Due within one year
Loans payable to primary government from Desdemona	$ 12,889,135	—	—	12,889,135	—
Loan payable to Washington State Housing Trust fund from Desdemona	2,000,000	—	—	2,000,000	—
Loan payable to City of Seattle HOME fund from Desdemona	2,066,671	—	—	2,066,671	—
Loans payable to primary government from Escallonia	23,347,094	—	—	23,347,094	—
Loans payable to primary government from High Point North	25,152,734	—	—	25,152,734	—
Loan payable to Washington State Housing Trust fund from High Point North	2,000,000	—	—	2,000,000	—
Loans payable to primary government from High Point South	13,212,665	—	—	13,212,665	—
Loan payable to Washington State Housing Trust fund from High Point South	2,000,000	—	—	2,000,000	—
Loans payable to primary government from the Ritz Apartments	265,856	—	—	265,856	—
Loans payable to the City of Seattle from the Ritz Apartments	560,000	—	—	560,000	—
Loans payable to Washington Mutual from the Ritz Apartments	966,765	—	23,736	943,029	25,074
Loan payable to City of Seattle from Alder Crest	992,283	—	—	992,283	—
Loan payable to City of Seattle from Alder Crest	111,124	—	—	111,124	—
Loans payable to primary government from Alder Crest	341,815	—	—	341,815	—
Loan payable to Washington State Housing Trust fund from Alder Crest	1,024,236	—	11,224	1,013,012	11,224

	Balance January 1, 2015	Additions/ transfers	Retirements	Balance December 31, 2015	Due within one year
Loans payable to primary government from homeWorks I	$ 24,000,000	—	—	24,000,000	—
Loans payable to primary government from homeWorks II	28,051,551	—	—	28,051,551	—
Loans payable to primary government from homeWorks III	20,950,000	—	—	20,950,000	—
Loan payable to City of Seattle from South Shore Court	3,650,000	—	—	3,650,000	—
Loan payable to primary government from South Shore Court	1,840,000	—	30,000	1,810,000	40,000
Loan payable to the Department of Commerce from South Shore Court	2,500,000	—	—	2,500,000	—
Loans payable to primary government from Tamarack Place	10,400,000	—	—	10,400,000	—
Loan payable to WCRA from Tamarack Place	958,622	—	13,929	944,693	14,883
Loan payable to primary government from Rainier Vista NE	16,604,268	—	—	16,604,268	—
Loan payable to US Bank for construction of Rainier Vista NE	2,617,650	—	45,069	2,572,581	46,586
Lease payable to primary government from Lake City Court	16,358,505	—	—	16,358,505	—
Lease payable to primary government from Lake City Court	1,675,000	—	—	1,675,000	—
Loan payable to Office of Housing from Leschi House	1,969,813	530,186	—	2,499,999	—
Loan payable to Washington State Housing Trust fund from Leschi House	1,323,637	—	—	1,323,637	—
Loan payable to primary government from Leschi House	—	624,478	—	624,478	—
Loan payable to Chase Bank from Kebero Court	11,209,794	3,993,408	—	15,203,202	8,221,224
Loan payable to primary from Kebero Court	6,894,580	1,774,401	—	8,668,981	—

	Balance January 1, 2015	Additions/ transfers	Retirements	Balance December 31, 2015	Due within one year
Loan payable to City of Seattle from Kebero Court	$ 1,452,485	361,840	—	1,814,325	—
Loan payable to primary government from Raven Terrace	3,404,626	3,593,083	—	6,997,709	—
Loan payable to City of Seattle from Raven Terrace	1,141,831	—	—	1,141,831	
Loan payable to Chase Bank from Raven Terrace	1,167,699	13,368,176	—	14,535,875	—
Loan payable to Chase Bank from Hoa Mai Gardens	50,001	—	—	50,001	—
Loan payable to primary government from Hoa Mai Gardens	—	212,288	—	212,288	—
Total notes payable	245,150,440	24,457,860	123,958	269,484,342	8,358,991
Bonds payable – Desdemona	$ 6,775,000	—	170,000	6,605,000	180,000
Bonds payable – Escallonia	4,420,000	—	120,000	4,300,000	125,000
Bonds payable – High Point North	9,032,150	—	233,319	8,798,831	244,886
Bonds payable – High Point South	15,265,000	—	300,000	14,965,000	300,000
Bonds payable – Leschi House	7,132,981	1,267,019	—	8,400,000	5,023,148
Total bonds payable	42,625,131	1,267,019	823,319	43,068,831	5,873,034
Total long-term obligations	$ 287,775,571	25,724,879	947,277	312,553,173	14,232,025

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Debt service requirements of long-term obligations of the component units as of December 31, 2015 are as follows:

	Bonds	Notes	Total Principal	Total Interest
2016	$ 7,450,114	14,085,442	14,232,025	7,303,531
2017	2,391,014	5,969,528	1,169,908	7,190,634
2018	2,450,580	5,895,040	1,273,458	7,072,162
2019	2,448,654	5,909,577	1,317,374	7,040,857
2020	2,450,034	5,945,617	1,376,484	7,019,167
2021–2025	12,668,927	30,350,560	8,609,642	34,409,845
2026–2030	13,135,106	32,674,898	13,053,109	32,756,895
2031–2035	13,629,232	45,404,201	28,455,852	30,577,581
2036–2040	8,165,983	30,054,636	10,823,188	27,397,431
2041–2045	1,134,026	52,848,550	28,621,463	25,361,113
2046–2050	—	75,193,451	60,308,464	14,884,987
2051–2055	—	39,974,813	28,820,135	11,154,678
2056–2060	—	67,713,254	59,129,963	8,583,291
2061–2065	—	60,561,289	55,362,108	5,199,181
2066–2070	—	39,708	—	39,708
Total requirements	$ 65,923,670	472,620,564	312,553,173	225,991,061

(8) Unearned Revenue – Operating Leases

The Authority leased the building and land of the Ritz Apartments to the Ritz Apartments partnership 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 Ritz Apartments 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, 2015 of $424,294.

The Authority leased the building and land of the Alder Crest Apartments to the Alder Crest partnership beginning in December 2005. The lease matures December 31, 2080. The lease includes a purchase option in which Alder Crest 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, 2015 of $404,052.

homeWorks I 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, 2015 of $16,802,580.

homeWorks II 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, 2015 of $16,875,322.

homeWorks III 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, 2015 of $339,038.

The Authority leased the building and land of the Douglas Apartments to South Shore Court beginning in December 2008. The lease matures December 31, 2083. The lease includes a purchase option in which South Shore Court 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, 2015 of $636,547.

The Lake City Court 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 Kebero Court 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, 2015.

The Authority has leased land to Leschi House 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 $713,139 as of December 31, 2015.

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, 2015.

		Original lease amount	Unearned revenue
Ritz Apartments	$	1,600,000	1,358,225
Alder Crest Apartments		1,935,000	1,677,000
homeWorks I		11,434,750	10,280,022
homeWorks II		12,171,533	11,061,397
homeWorks III		11,446,098	10,517,157
South Shore Court		3,650,000	3,309,330
Lake City Court		2,750,000	997,131
Leschi House		3,110,000	3,044,399
Kebero Court		365,615	357,622
Total	$	48,462,996	42,602,283

(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. PERS issues publicly available reports which can be obtained from the Washington State Department of Retirement Systems' (DRS) website at www.drs.wa.gov or at 402 Legion Way, Olympia, WA 98504.

(a) Aggregated Balances

The Authority's aggregated balances of net pension liability, net pension assets and deferred inflows and outflows of resources as of December 31, 2015 are presented in the table below.

	Net pension liability	Deferred outflows	Deferred inflows
PERS 1	$14,600,729	$ 814,650	$ 798,819
PERS 2/3	12,651,234	2,413,033	3,376,941
Total	$27,251,963	$3,227,683	$4,175,760

(b) Plan Description

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

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

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

PERS Plan 2/3 provides retirement, disability and death benefits. Retirement benefits are determined as two percent of the member’s average final compensation (AFC) times the member’s years of service for Plan 2 and 1 percent of AFC for Plan 3. The AFC is the average of the member’s 60 highest-paid consecutive service months. Members are eligible for retirement with a full benefit at age 65 with at least five years of service credit. Retirement before age 65 is considered an early retirement. PERS Plan 2/3 members who have at least 20 service credit and are 55 years of age or older, are eligible for early retirement with a benefit that is reduced by a factor that varies according to age for each year before age 65. PERS Plan 2/3 members who have 30 or more years of service credit and are at least 55 years old can retire under one of two provisions:

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

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

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

(c) Pension plan fiduciary net position

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

The Washington State Investment Board (WSIB) has been authorized by statute (chapter 43.33A of the RCW) as having the investment responsibility for the pension funds. Investments are reported at fair value, and unrealized gains and losses are included as investment income in the Statement of Changes in Fiduciary Net Position presented in the DRS Comprehensive Annual Financial Report. Purchases and sales of investments are recorded on a trade-date basis.

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

(d) Contributions

Each biennium, the legislature establishes Plan 1 and Plan 3 employer contribution rates and Plan 2 employer and employee contribution rates. Employee contribution rates for Plan 1 are established by legislative statute and do not vary from year to year. Employer rates for Plan 1 are not necessarily adequate to fully fund the system. The employer and employee contribution rates for Plan 2 and for Plan 3 are developed by the Office of the State Actuary to fully fund the system. The methods used to determine the contribution requirements were established under State statute. All employers are required to contribute at the level established by the legislature and the Office of the State Actuary.

The actual contribution rates for the employers and employees were changed during the year. Effective July 1, 2015 employer rates were increased from 9.21% to 11.18% for all plans. Contributions rates for employees in plan 2 increased from 4.92% to 6.12% effective July 1, 2015.

The Authority's employer and employee rates and required contributions for employees covered by PERS as of December 31, 2015 were:

	PERS Plan 1 required	PERS Plan 2 required	PERS Plan 3 required
Employer	11.18%	11.18%	11.18%
Employee	6.00	6.12	varies
	17.18%	17.30%	11.18%

	PERS Plan 1 required	PERS Plan 2 required	PERS Plan 3 required
Employer	$ 22,792	2,700,164	628,861
Employee	13,397	1,462,144	428,631
	$ 36,189	4,162,308	1,057,492

(e) Actuarial Assumptions

The total pension liability for each of the plans was determined using the most recent actuarial valuation completed in 2015 with a valuation date of June 30, 2014 and rolled forward to the measurement date of June 30, 2015. The following actuarial assumptions have been applied to all prior periods included in the measurement:

Inflation	3.0 percent total economic inflation, 3.75 percent salary inflation
Salary increases	In addition to the base 3.75 percent salary inflation assumptions, salaries are also expected to grow by promotions and longevity
Investment rate of return	7.5 percent

Mortality rates were based on the RP-2000 Combined Healthy Table and Combined Disabled Table published by the Society of Actuaries. The Washington State Office of the State Actuary (OSA applied offsets to the base tale and recognized future improvements in the mortality by projecting the mortality rates using 100% Scale BB. Mortality rates are applied on a generational basis, meaning members are assumed to receive additional mortality improvements in each future year, throughout their lifetime.

The actuarial assumptions used in the June 30, 2014 report were based on the results of OSA's 2007-2012 Experience Study. Additional assumptions for subsequent events and law changes are current as of the 2014 actuarial valuation report.

(f) Discount Rate

The discount rate used to measure the total pension liability was 7.50 percent for all the plans. To determine that rate, an asset sufficiency test was completed to test whether each pension plan's fiduciary net assets was sufficient to make all projected future benefit payments of current plan members. Consistent with current law, the completed asset sufficiency tests for PERS included an assumed 7.70 percent long term discount rate to determining funding liabilities for calculating future contribution rate requirements.

Consistent with the long term expected rate of return, a 7.50 percent future investment rate of return on invested assets was assumed for the test. Contributions from plan members and employers are assumed to continue to be made at the contractually required rates which includes the component of PERS 2/3 pertaining to the unfunded actuarial accrued liability for PERS 1, as provided for in chapter 41.45 of the RCW.

Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return of 7.50 percent on pension plan investments was applied to determine the total pension liability.

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

The table below presents the Authority's net pension liability calculated using the discount rate of 7.50 percent as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50 percent) or one percentage point higher (8.50 percent) than the current rate.

Plan		1% decrease	Current discount rate	1% increase
PERS 1	$	17,776,426	14,600,729	11,869,921
PERS 2/3		36,992,853	12,651,234	(5,986,238)
Total	$	54,769,279	27,251,963	5,883,683

(h) Long-Term Expected Rate of Return

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

Asset Class	Target Allocation	Long-term Expected real rate of return
Fixed income	20.00%	1.70%
Tangible assets	5.00%	4.40%
Real estate	15.00%	5.80%
Global equity	37.00%	6.60%
Private equity	23.00%	9.60%

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

(i) Proportionate Share

Collective pension amounts are determined as of a measurement date which can be no earlier than an employer's prior fiscal year. The measurement date for the pension liabilities recorded by the Authority as of December 31, 2015 was June 30, 2015. The Authority's contributions received and processed by DRS during the fiscal year ended June 30, 2015 have been used as the basis for determining the Authority's proportionate share of the collective pension amounts reported by DRS in their June 30, 2015 Schedules of Employer and Nonemployer Allocations for PERS Plans 1, 2 and 3. The proportionate share for the year ended December 31, 2015 was 0.28 percent for Plan 1 and 0.35 percent for Plan 2/3.

(j) Proportionate share of Pension Expense and Deferrals

The Authority's proportionate share of pension expense for the year ended December 31, 2015 was $870,180 for PERS 1 and $1,499,230 for PERS 2/3 and is reported on the Statement of Revenues, Expenses and Changes in Net Position.

The Authority's deferred outflows of resources and deferred inflows of resources pertaining to PERS as of December 31, 2015 are presented in the following table:

Plan	Description		Deferred outflows of resources	Deferred inflows of resources
PERS 1	Difference between projected and actual earnings on plan investments, net	$		(798,819)
PERS 1	Contributions subsequent to the measurement date of the collective net pension liability		814,650	
PERS 2/3	Difference between projected and actual earnings on plan investments, net			(3,377,279)
PERS 2/3	Contributions subsequent to the measurement date of the collective net pension liability		1,047,820	
PERS 2/3	Difference between expected and actual experience		1,344,829	
PERS 2/3	Change in proportionate share			338
PERS 2/3	Change of assumptions		20,384	
	Total	**$**	3,227,683	(4,175,760)

Deferred outflows of resources related to the Authority's contributions subsequent to the measurement date of $1,862,470 will be recognized as a reduction of the net pension liability as of December 31, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year		PERS 1	PERS 2/3	All Plans
2016	$	(309,595)	(916,850)	(1,226,445)
2017		(309,595)	(916,850)	(1,226,445)
2018		(309,595)	(916,850)	(1,226,445)
2019		129,966	738,822	868,788
2020		-	-	-
Thereafter		-	-	-
Total	**$**	(798,819)	(2,011,728)	(2,810,547)

(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, 2015, 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, 2015, 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, 2015:

Actuarial valuation date		**January 1, 2015**	**January 1, 2014**	**January 1, 2013**
Actuarial value of assets (a)	$	—	—	—
Entry age normal AAL (b)		1,125,000	1,039,000	2,458,000
UAAL (b-a)	$	1,125,000	1,039,000	2,458,000
Funded ratio (a/b)				
Covered payroll	$	32,805,691	31,007,128	30,261,028
UAAL as a percentage of covered payroll ((b-a)/c)		3%	3%	8%

There were no required contributions for the Authority for the year ended December 31, 2015 of for either of the two prior years.

(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.

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, 2015, the Authority and its component units have outstanding construction contracts and other commitments totaling approximately $45.7 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.

(Continued)

(14) 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, 2015 are as follows:

Description of debt	Purpose of Debt	Year Issued	Total future revenues pledged	Proportion of annual debt service pledged to 2015 general revenue	Term of commitment
Obligations of the Authority					
Project revenues are primary repayment source:					
Fixed Rate bonds	Purchase of Longfellow Creek Apartments	2003	$ 4,441,100	0.18%	2033
Fixed Rate tax exempt bonds - Series A	Purchase of condominium units at Gamelin and Genesee mixed use buildings (paid off January, 2016)	2005	2,482,202	0.10	2035
Fixed Rate taxable	Refunding of bonds for Gamelin/Genesee mixed use buildings	2015	4,966,628	0.17	2035
Fixed Rate bonds	Construction of housing units at NewHolly redevelopment, Phase I	1998	5,761,253	0.27	2030
Fixed Rate bonds	2013 Refunding for Montridge Arms, Main Street Apartments, 2002 Replacement Housing projects and Yesler Court properties	2013	24,521,213	0.60	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	24,928,976	0.61	2044
Fixed Rate bonds	Construction of housing units at New Holly redevelopment, Phase II	2000	3,270,375	0.14	2032

Description of debt	Purpose of Debt	Year Issued	Total future revenues pledged	Proportion of annual debt service pledged to 2015 general revenue	Term of commitment
General revenues are primary repayment source:					
Variable Rate bonds	Purchase Wedgewood Estates Apartment complex	2001	$ 730,500	0.32%	2036
Variable Rate bonds	Rehabilitation of Douglas Apartments (property of South Shore Court)	2009	2,972,870	0.06	2040
Taxable short term line of credit, $7 million	Purchase commercial properties	2004	2,081,042	0.04	2021
Obligations of the Authority for component units:					
Project revenues are primary repayment source:					
Fixed Rate bonds for component unit	Construction of housing units at Rainier Vista redevelopment, Phase I	2003	6,546,959	0.21	2036
Fixed Rate bonds for component unit	Construction of housing units at NewHolly redevelopment, Phase III	2003	11,698,563	0.41	2035
Fixed Rate bonds for component unit	Construction of housing units at High Point redevelopment, Phase I	2004	14,413,191	0.50	2036
Fixed Rate bonds for component unit	Construction of housing units at High Point redevelopment, Phase II	2007	21,475,000	0.41	2039
Equity investment are the primary repayment source:					
Variable rate bonds for component unit	Construction of housing units at Leschi House (2016 conversion to fixed rate)	2013	11,789,957	3.72	2045
Variable rate construction loan	Construction of housing units at Kebero Court (2016 conversion to fixed rate)	2013	22,831,585	6.05	2016
Variable rate construction loan	Construction of housing units at Raven Terrace (2016 conversion to fixed rate)	2014	19,745,778	0.19	2035
Variable rate construction loan	Construction of housing units at Hoa Mai Gardens	2014	50,001	—	2050

(15) 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, 2015:

		Condensed statements of net position				
		Desdemona	Escallonia	Tamarack Place	Rainier Vista NE	High Point North
Cash and cash equivalents	$	1,030,811	1,133,299	671,627	1,530,416	3,225,931
Current receivables from primary government		25,320	—	—	14,625	8,546
Capital assets, net		29,380,860	26,883,662	12,322,335	20,533,165	44,154,740
Other assets		992,146	403,520	53,925	182,132	871,455
Total assets		31,429,137	28,420,481	13,047,887	22,260,338	48,260,672
Current payables due to primary government		579,255	463,194	2,949	147,467	557,224
Other current payables		868,570	363,235	125,740	149,382	806,121
Long-term payables to primary government		17,004,763	25,954,182	11,209,020	17,207,645	29,537,353
Bonds and other long-term liabilities		10,491,671	4,648,226	929,810	2,525,994	10,553,945
Total liabilities		28,944,259	31,428,837	12,267,519	20,030,488	41,454,643
Net investment in capital assets		5,820,054	(763,432)	977,642	1,356,317	8,203,176
Restricted net position		1,452,554	977,677	445,019	1,004,978	2,726,656
Unrestricted net position		(4,787,730)	(3,219,601)	(642,293)	(131,445)	(4,123,803)
Total net position		2,484,878	(3,005,356)	780,368	2,229,850	6,806,029
		Condensed statements of revenues, expenses and changes in net position				
Operating revenues		2,197,146	1,820,984	682,926	1,184,062	3,474,472
Depreciation/amortization		(1,161,998)	(1,126,171)	(407,858)	(840,277)	(1,804,642)
Other operating expenses		(1,627,465)	(1,226,040)	(547,408)	(763,315)	(2,595,122)
Operating loss		(592,317)	(531,227)	(272,340)	(419,530)	(925,292)
Nonoperating expense		(759,984)	(367,731)	(164,900)	(375,744)	(767,143)
Change in net position before partners' contributions		(1,352,301)	(898,958)	(437,240)	(795,274)	(1,692,435)
Partners' contributions		2,319,517	—	—	—	—
Beginning net position		1,517,662	(2,106,398)	1,217,608	3,025,124	8,498,464
Ending net position	$	2,484,878	(3,005,356)	780,368	2,229,850	6,806,029

		High Point South	Ritz Apartments	Alder Crest	South Shore Court	homeWorks I
		Condensed statements of net position				
Cash and cash equivalents	$	1,926,163	100,942	311,841	417,840	3,180,641
Current receivables from primary government		15,728	119,116	—	13,987	—
Capital assets, net		48,459,775	1,935,898	5,282,729	8,998,769	25,292,234
Other assets		703,289	56,817	88,416	201,946	697,599
Total assets		51,104,955	2,212,773	5,682,986	9,632,542	29,170,474
Current payables due to primary government		428,689	7,131	176,543	47,240	455,628
Other current payables		4,013,854	219,014	198,182	565,631	460,451
Long-term payables to primary government		16,074,230	547,180	608,317	2,053,146	28,144,250
Bonds and other long-term liabilities		16,665,000	1,477,955	2,105,194	6,150,000	—
Total liabilities		37,181,773	2,251,280	3,088,236	8,816,017	29,060,329
Net investment in capital assets		18,282,110	167,013	2,824,495	1,038,769	1,292,234
Restricted net position		1,201,991	91,392	300,341	342,965	3,025,504
Unrestricted net position		(5,560,919)	(296,912)	(530,086)	(565,209)	(4,207,593)
Total net position		13,923,182	(38,507)	2,594,750	816,525	110,145
		Condensed statements of revenues, expenses and changes in net position				
Operating revenues		3,133,667	232,510	250,030	343,467	4,909,814
Depreciation/amortization		(1,649,112)	(107,207)	(242,575)	(252,069)	(849,541)
Other operating expenses		(1,882,046)	(92,279)	(264,672)	(259,484)	(4,104,454)
Operating loss		(397,491)	33,024	(257,217)	(168,086)	(44,181)
Nonoperating expense		(847,190)	(60,607)	(22,141)	(153,560)	(653,728)
Change in net position before partners' contributions		(1,244,681)	(27,583)	(279,358)	(321,646)	(697,909)
Partners' contributions		—	—	—	—	—
Beginning net position		15,167,863	(10,924)	2,874,108	1,138,171	808,054
Ending net position	$	13,923,182	(38,507)	2,594,750	816,525	110,145

(Continued)

		homeWorks II	homeWorks III	Lake City Court	Leschi House	Kebero Court
		Condensed statements of net position				
Cash and cash equivalents	$	2,504,909	1,884,794	1,101,444	1,932,743	1,749,982
Current receivables from primary government		—	—	—	6,818	—
Capital assets, net		30,169,707	23,457,201	24,849,134	13,115,334	28,913,888
Other assets		671,860	657,120	183,587	3,395,482	1,216,511
Total assets		33,346,476	25,999,115	26,134,165	18,450,377	31,880,381
Current payables due to primary government		149,816	181,570	150,093	448,860	1,284,744
Other current payables		300,395	240,097	92,509	5,658,067	9,583,662
Long-term payables to primary government		33,868,005	25,148,288	18,814,514	988,970	9,456,299
Bonds and other long-term liabilities		—	—	—	7,200,488	8,796,303
Total liabilities		34,318,216	25,569,955	19,057,116	14,296,385	29,121,008
Net investment in capital assets		2,118,156	2,507,201	6,815,629	267,220	3,227,380
Restricted net position		2,348,977	1,755,876	596,379	88,925	1,142,393
Unrestricted net position		(5,438,873)	(3,833,917)	(334,959)	3,797,847	(1,610,400)
Total net position		(971,740)	429,160	7,077,049	4,153,992	2,759,373
		Condensed statements of revenues, expenses and changes in net position				
Operating revenues		5,452,246	4,625,096	704,814	609,013	592,278
Depreciation/amortization		(1,000,321)	(762,868)	(866,956)	(422,505)	(409,315)
Other operating expenses		(4,506,296)	(3,670,711)	(529,694)	(344,236)	(374,968)
Operating (loss) income		(54,371)	191,517	(691,836)	(157,728)	(192,005)
Nonoperating (expense) revenue		(976,513)	(886,643)	(231,606)	(274,050)	(237,812)
Change in net position before partners' contributions		(1,030,884)	(695,126)	(923,442)	(431,778)	(429,817)
Partners' contributions		—	—	—	464,091	1,205,675
Beginning net position		59,144	1,124,286	8,000,491	4,121,679	1,983,515
Ending net position	$	(971,740)	429,160	7,077,049	4,153,992	2,759,373

	Condensed statements of net position		
	Raven Terrace	Hoa Mai Gardens	Total
Cash and cash equivalents	$ 1,363,935	2,440,901	26,508,219
Current receivables from primary government	—	—	204,140
Capital assets, net	25,577,285	6,279,299	375,606,015
Other assets	369,886	—	10,748,691
Total assets	27,311,106	8,720,200	413,067,065
Current payables due to primary government	659,552	3,089,166	8,829,121
Other current payables	2,016,416	2,043,756	27,705,082
Long-term payables to primary government	7,775,662	212,352	244,604,176
Bonds and other long-term liabilities	15,677,706	50,001	87,272,293
Total liabilities	26,129,336	5,395,275	368,410,672
Net investment in capital assets	2,901,870	6,017,010	63,052,844
Restricted net position	1,265,409	2,440,801	21,207,837
Unrestricted net position	(2,985,509)	(5,132,886)	(39,604,288)
Total net position	1,181,770	3,324,925	44,656,393

	Condensed statements of revenues, expenses and changes in net position		
Operating revenues	—	—	30,212,525
Depreciation/amortization	—	—	(11,903,415)
Other operating expenses	(9,672)	—	(22,797,862)
Operating income(loss)	(9,672)	—	(4,488,752)
Nonoperating revenue (expense)	410	134	(6,778,808)
Change in net position before partners’ contributions	(9,262)	134	(11,267,560)
Partners’ contributions	—	3,324,791	7,314,074
Beginning net position	1,191,032	—	48,609,879
Ending net position	$ 1,181,770	3,324,925	44,656,393

(Continued)

(16) 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:		
2016	$	1,404,295
2017		1,451,547
2018		1,467,297
2019		1,467,297
2020		1,467,297
Thereafter		3,301,418
Total	$	10,559,151

(17) Subsequent Events

The Authority has evaluated the subsequent events from the balance sheet date through May 18, 2016, the date which the financial statements were issued, and determined there are no other items to disclose.

REQUIRED SUPPLEMENTARY INFORMATION
PENSION PLANS

THE HOUSING AUTHORITY OF THE CITY OF SEATTLE, WASHINGTON

Schedules of Required Supplemental Information

Schedule of Proportionate Share of the Net Pension Liability

Last Ten Fiscal Years (Unaudited) (1)

		2014	2015
PERS 1			
Proportion of the net pension liability		0.283227%	0.279123%
Proportionate share of the net pension liability	$	14,267,693	14,600,729
Covered - employee payroll	$	309,470	223,273
Proportionate share of the net pension liability as a percentage of covered-employee payroll		4610.36%	6539.41%
Plan fiduciary net position as a percentage of the total pension liability		61.19%	59.10%
PERS 2/3			
Proportion of the net pension liability		0.354434%	0.354073%
Proportionate share of the net pension liability	$	7,164,391	12,651,234
Covered - employee payroll	$	30,697,958	32,579,187
Proportionate share of the net pension liability as a percentage of covered-employee payroll		23.34%	38.83%
Plan fiduciary net position as a percentage of the total pension liability		93.29%	89.20%

Schedule of Pension Plan Contributions

Last Ten Fiscal Years (Unaudited) (1)

		2014	2015
PERS 1			
Contractually required contribution	$	1,253,651	1,282,842
Contributions in relation to the contractually required contribution	$	(1,253,651)	(1,282,842)
Contribution deficiency (excess)	$	—	—
Covered-employee payroll	$	309,470	223,273
Contributions as a percentage of covered-employee payroll		405.10%	574.56%
PERS 2/3			
Contractually required contribution	$	1,497,269	1,577,229
Contributions in relation to the contractually required contribution	$	(1,497,269)	(1,577,229)
Contribution deficiency (excess)	$	—	—
Covered-employee payroll	$	30,697,958	32,579,187
Contributions as a percentage of covered-employee payroll		4.88%	4.84%

Notes to the Required Supplementary Information for the year ended December 31, 2015.

Changes in benefit terms

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

Changes of assumptions

There were no changes in the assumptions for pension plans.

(1) GASB 68 was adopted in 2015, prior years data not available

SUPPLEMENTARY INFORMATION
COST CERTIFICATES (SEE INDEPENDENT AUDITORS' REPORT)

(Unaudited)

Actual HOPE VI Cost Certificate

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

OMB Approval No. 2577-0208 (exp. 9/30/2014)

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. 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.
This collection of information requires that each Grantee submit information to enable HUD to initiate the fiscal closeout process. The information will be used by HUD to determine whether the HOPE VI 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 the HOPE VI Grant Agreement. The information requested does not lend itself to confidentiality.

Grantee Name	HOPE VI Grant Number
Housing Authority of the City of Seattle	WA19URD001I108

The Grantee hereby certifies to the Department of Housing and Urban Development as follows:
1. That the Actual Program Cost of the HOPE VI Grant is as shown below:

A.	Original Funds Approved	$	10,486,839.00
B.	Funds Disbursed	$	10,486,839.00
C.	Funds Expended (Actual Program Cost)	$	10,486,839.00
D.	Amount to be Recaptured (A–C)	$	0.00
E.	Excess of Funds Disbursed (B-C)	$	0.00

2. That all work in connection with the HOPE VI Grant has been completed;
3. That the entire Actual Program Cost or liabilities therefor incurred by the Grantee have been fully paid;
4. That there are no undischarged mechanics', laborers', contractors', or materialmen's liens against such Program work on file in any public office where the same should be filed in order to be valid against such Program 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 (mm/dd/yyyy) 04/04/2014

For HUD Use Only

The Cost Certificate is approved for audit (signature of approving official)

Belinda C Bly for Susan Wilson.

Date (mm/dd/yyyy) 4/18/201_

The audited costs agree with the costs shown above

Verified (signature)

Date (mm/dd/yyyy)

Approved (signature)

Date (mm/dd/yyyy)

Previous editions are obsolete

form HUD-53001-A (08/2003)

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:
CITY OF SEATTLE HOUSING AUTHORITY	WA19C001501-10

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	$	3,109,271.00
B. Funds Disbursed	$	3,109,271.00
C. Funds Expended (Actual Modernization Cost)	$	3,109,271.00
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 4/30/2015

For HUD Use Only

The Cost Certificate is approved for audit:

Approved for Audit (Director, Office of Public Housing / ONAP Administrator) — Date: 07-09-2015

X

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 HOPE VI Cost Certificate

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

OMB Approval No. 2577-0208
(exp. 01/31/2018)

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. 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.

This collection of information requires that each Grantee submit information to enable HUD to initiate the fiscal closeout process. The information will be used by HUD to determine whether the HOPE VI 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 the HOPE VI Grant Agreement. The information requested does not lend itself to confidentiality.

Grantee Name	HOPE VI Grant Number
Housing Authority of the City of Seattle	WA19URD001I199

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

1. That the Actual Program Cost of the HOPE VI Grant is as shown below:

A. Original Funds Approved	$ 35,000,000.00
B. Funds Disbursed	$ 35,000,000.00
C. Funds Expended (Actual Program Cost)	$ 35,000,000.00
D. Amount to be Recaptured (A–C)	$ 0.00
E. Excess of Funds Disbursed (B-C)	$ 0.00

2. That all work in connection with the HOPE VI Grant has been completed;
3. That the entire Actual Program Cost or liabilities therefor incurred by the Grantee have been fully paid;
4. That there are no undischarged mechanics', laborers', contractors', or materialmen's liens against such Program work on file in any public office where the same should be filed in order to be valid against such Program 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 (mm/dd/yyyy) 12/29/2015

For HUD Use Only **The Cost Certificate is approved for audit** (signature of approving official)

Susan A. Wilson

Date (mm/dd/yyyy) 1/11/16

The audited costs agree with the costs shown above
Verified (signature)

Date (mm/dd/yyyy)

Approved (signature)

Date (mm/dd/yyyy)

Previous editions are obsolete

form **HUD-53001-A** (01/2015)

Actual HOPE VI Cost Certificate

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

OMB Approval No. 2577-0208 (exp. 01/31/2018)

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. 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. This collection of information requires that each Grantee submit information to enable HUD to initiate the fiscal closeout process. The information will be used by HUD to determine whether the HOPE VI 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 the HOPE VI Grant Agreement. The information requested does not lend itself to confidentiality.

Grantee Name	HOPE VI Grant Number
Housing Authority of the City of Seattle	WA19URD001I100

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

1. That the Actual Program Cost of the HOPE VI Grant is as shown below:

A. Original Funds Approved	$	35,000,000.00
B. Funds Disbursed	$	35,000,000.00
C. Funds Expended (Actual Program Cost)	$	35,000,000.00
D. Amount to be Recaptured (A–C)	$	0.00
E. Excess of Funds Disbursed (B-C)	$	0.00

2. That all work in connection with the HOPE VI Grant has been completed;
3. That the entire Actual Program Cost or liabilities therefor incurred by the Grantee have been fully paid;
4. That there are no undischarged mechanics', laborers', contractors', or materialmen's liens against such Program work on file in any public office where the same should be filed in order to be valid against such Program 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 (mm/dd/yyyy) 12/29/2015

For HUD Use Only

The Cost Certificate is approved for audit (signature of approving official)

Susan A. Wilson

Date (mm/dd/yyyy) 5/4/16

The audited costs agree with the costs shown above

Verified (signature)

Date (mm/dd/yyyy)

Approved (signature)

Date (mm/dd/yyyy)

Previous editions are obsolete

form HUD-53001-A (01/2015)

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
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, c)		210,293,958	10,069,831	228,421,457	448,785,246
2014 (a, d)		218,243,381	11,669,052	217,985,386	447,897,819
2015 (a)		223,534,799	13,578,114	243,740,195	480,853,108

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.

(c) Net position for 2013 was restated as a result of the merger with Ravenna School Limited Partnership, a component unit of the Authority.

(d) Net position for 2014 was restated as a result of the merger with Othello Street Limited Partnership, a component unit of the Authority and as a result of GASB 68.

Table 2

THE HOUSING AUTHORITY OF THE CITY OF SEATTLE, WASHINGTON

Financial Trends

Changes in Net Position – Primary Government

Last Ten Fiscal Years (Unaudited)

	2006	2007 (a)	2008 (a)	2009 (a)	2010 (a)	2011 (a, c)	2012 (a, c, d)	2013 (a, d)	2014	2015
Operating revenues:										
Tenant rentals	$ 19,888,907	23,958,442	18,548,105	18,963,514	19,853,164	21,338,005	20,690,177	21,550,029	22,785,736	22,837,426
Housing assistance payment subsidies	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	115,101,121
Operating subsidies and grants (b)	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	29,245,755
Other	21,232,065	35,381,503	22,594,560	19,212,557	19,480,446	21,762,895	18,081,083	18,619,880	21,002,883	28,511,890
Total operating revenues	135,067,035	185,978,132	142,765,702	143,435,404	156,794,373	161,561,145	163,716,234	172,171,878	182,125,592	195,696,192
Operating expenses:										
Housing operations and administration	30,248,810	46,408,207	41,515,711	38,998,671	42,453,709	44,662,095	41,680,059	39,786,646	48,731,040	49,455,950
Tenant services	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	5,072,113
Utility services	4,827,108	5,252,632	4,092,002	4,540,982	4,718,662	4,998,955	5,393,684	5,990,952	6,334,799	6,045,785
Maintenance	16,388,539	21,461,247	17,053,995	18,159,325	20,082,664	18,824,304	15,081,988	17,409,835	18,696,116	18,481,187
Housing assistance payments	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	82,775,844
Other	6,031,825	2,585,630	2,767,976	2,115,315	4,209,600	1,318,772	2,021,796	30,221,452	1,398,022	3,344,964
Depreciation and amortization	11,929,183	15,155,490	10,299,572	9,281,594	10,059,962	10,676,293	10,258,105	10,232,876	10,077,223	9,314,799
Total operating expenses	134,473,043	174,335,607	141,307,416	145,804,552	158,804,180	161,360,850	157,516,435	185,737,154	168,876,842	174,490,642
Operating income (loss)	593,992	11,642,525	1,458,286	(2,369,148)	(2,009,807)	200,295	6,199,799	(13,565,276)	13,248,750	21,205,550
Nonoperating revenues (expenses):										
Interest expense	(7,849,402)	(10,755,826)	(8,532,367)	(7,956,814)	(7,479,432)	(6,887,452)	(5,721,825)	(5,500,338)	(5,082,076)	(4,572,533)
Interest income	5,625,496	7,637,844	6,547,470	5,337,931	5,257,848	1,536,648	1,397,221	461,197	3,698,302	3,520,102
Change in fair value of investments	(273,517)	140,142	(332,725)	430,908	44,842	68,742	(74,996)	(94,819)	(40,763)	(1,704)
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)	(1,160)
Disposition of assets	(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)	(403,789)
Net nonoperating expenses	(15,924,065)	(9,651,667)	(5,558,711)	(6,661,852)	(22,122,696)	(22,536,491)	(17,364,229)	(5,216,595)	(6,286,299)	(1,459,084)
Change in net position before contributions	(15,330,073)	1,990,858	(4,100,425)	(9,031,000)	(24,132,503)	(22,336,196)	(11,164,430)	(18,781,871)	6,962,451	19,746,466
Capital contributions	10,218,082	27,595,138	19,849,951	23,456,062	46,544,071	34,675,050	13,249,971	17,146,108	21,307,488	13,208,868
Increase (decrease) in net position	(5,111,991)	29,585,996	15,749,526	14,425,062	22,411,568	12,338,854	2,085,541	(1,635,763)	28,269,939	32,955,334
Net position at beginning 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	419,627,880	447,897,819
Net position at end of year	$ 324,667,096	354,253,092	370,002,618	384,427,680	406,839,248	419,178,102	421,263,643	419,627,880	447,897,819	480,853,153

Notes: (a) Fiscal year 2006 represents 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.

(e) Net position for 2014 was restated as a result of the adoption of GASB 68 and as a result of the merger with Othello Street Limited Partnership, 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**
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	22,785,736	12.5	109,438,967	60.1	28,898,006	15.9	21,002,883	11.5	182,125,592	100.0
2015	22,837,426	11.7	115,101,121	58.8	29,245,755	14.9	28,511,890	14.6	195,696,192	100.0

Notes: (a) Fiscal years 2006 and 2007 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) Year 2015 was restated due to the merger with Othello Street Limited Partnership, a component unit of the Authority

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
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	3,698,302	101.1	(40,763)	(1.1)	3,657,539	100.0
2015 (b)	3,520,102	100.0	(1,704)	—	3,518,398	100.0

Notes: (a) Fiscal year 2006 represents 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) Year 2015 was restated due to the merger with Othello Street Limited Partnership, a component unit of the Authority

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		Total	General	Ratio of debt service
	Principal	Interest	debt service	expense (b)	to general expenses
Wakefield 2000 Bonds for Wallingford:					
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	—	—
2015	5,353	31	5,384	—	—
2013 Bond Refunding					
2014	205,000	627,845	832,845	1,080,325	0.8
2015	205,000	642,406	847,406	1,135,804	0.7
2014 Bond Refunding					
2014	185,000	400,569	585,569	1,781,030	0.3
2015	270,000	588,129	858,129	1,822,150	0.5
Wedgewood 2001 Variable Rate Bonds:					
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
2015	450,000	1,456	451,456	966,690	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
2015	160,000	229,175	389,175	2,022,355	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
2015	30,000	3,384	33,384	45,342	0.7

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		Total	General	Ratio of debt service to general
	Principal	Interest	debt service	expense (b)	expenses
Longfellow Creek 2003 Bonds:					
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
2015	95,000	154,125	249,125	540,538	0.5
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
2015	108,000	196,470	304,470	45,322	6.7
Gamelin/Genesee 2015 bond refunding					
2015	—	—	—	45,322	—
New Holly Phase II					
2015	60,000	136,150	196,150	686,053	0.3

Notes: (a) Fiscal years 2006 represents 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.

Table 6

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 debt for housing units to total debt (b)
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 (c)	73,169,909	40,493,796	113,663,705	299,240,816	37.98	57.33
2015	65,436,551	39,990,204	105,426,755	306,245,985	34.43	67.10

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.

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

THE HOUSING AUTHORITY OF THE CITY OF SEATTLE, WASHINGTON

Demographics and Economic Statistics

Tenant Demographics – Population Statistics

Last Ten Fiscal Years (Unaudited)

	Public housing program				
Calendar year [a]	Adults	Elderly	Minors	Total number of tenants	Nonelderly handicapped/ disabled
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
2015	4,582	2,073	3,003	9,658	1,655

	Section 8 program (b)				
Calendar year [a]	Adults	Elderly	Minors	Total number of tenants	Nonelderly handicapped/ disabled
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
2015	8,252	2,695	5,639	16,586	3,387

(Continued)

Table 7

THE HOUSING AUTHORITY OF THE CITY OF SEATTLE, WASHINGTON

Demographics and Economic Statistics

Tenant Demographics – Population Statistics

Last Ten Fiscal Years (Unaudited)

Calendar year [a]	Adults	Senior and local housing programs [c] Elderly	Minors	Total number of tenants	Nonelderly handicapped/ disabled
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
2015	929	1,136	442	2,507	91

Calendar year (a)	Adults	Agency wide totals Elderly	Minors	Total number of tenants	Nonelderly handicapped/ disabled
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
2015	13,763	5,904	9,084	28,751	5,133

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)
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	65,990	55,190	51,094	5.6
2014	2,017,250	640,500	68,877	N/A	52,819	4.2
2015	2,052,800	662,400	N/A	N/A	53,844	4.5

Notes: (a) As of April 1, source: Washington State Office of Financial Management, 2015 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.

Table 9

THE HOUSING AUTHORITY OF THE CITY OF SEATTLE, WASHINGTON

Demographics and Economic Statistics

Principal Industries

Last Ten Fiscal Years (Unaudited)

Industry	2015 Number of employees	2015 Percentage of Employment	2015 Rank	2014 Number of employees	2014 Percentage of Employment	2014 Rank	2013 Number of employees	2013 Percentage of Employment	2013 Rank
Retail trade	133,800	10.19%	1	128,000	10.02%	1	120,200	9.75%	1
Professional and technical	115,500	8.79	2	112,000	8.76	2	107,100	8.68	2
Local government	95,200	7.25	3	92,400	7.23	3	90,400	7.33	3
Food services and drinking places	92,400	7.03	4	88,300	6.91	4	84,100	6.82	4
Information	89,400	6.81	5	85,600	6.70	5	82,300	6.67	5
Manufacturing durable goods	82,600	6.29	6	83,000	6.49	6	82,100	6.66	6
Administrative and waste services	70,300	5.35	7	67,400	5.27	7	66,100	5.36	7
Wholesale trade	62,300	4.74	8	61,700	4.83	8	60,600	4.91	8
State government	59,000	4.49	9	57,200	4.48	9	56,800	4.61	9
Ambulatory health care services	55,500	4.23	10	54,100	4.23	10	50,400	4.09	10
Transportation and warehousing	48,600	3.70	11	46,200	3.62	11	43,500	3.53	12
Finance and insurance	41,900	3.19	12	45,000	3.52	12	45,500	3.69	11
	946,500	72.06%		920,900	72.06%		889,100	72.10%	

Industry	2012 Number of employees	2012 Percentage of Employment	2012 Rank	2011 Number of employees	2011 Percentage of Employment	2011 Rank	2010 Number of employees	2010 Percentage of Employment	2010 Rank
Retail trade	113,600	9.62%	1	109,300	9.47%	1	105,900	9.33%	1
Professional and technical	102,200	8.66	2	97,900	8.49	2	93,400	8.23	2
Local government	89,100	7.55	3	88,800	7.70	3	89,300	7.87	3
Food services and drinking places	79,600	6.74	6	76,400	6.62	6	74,400	6.56	6
Information	80,900	6.85	4	80,200	6.95	4	79,400	7.00	4
Manufacturing durable goods	80,000	6.78	5	77,100	6.68	5	75,200	6.63	5
Administrative and waste services	64,000	5.42	7	63,000	5.46	7	61,000	5.37	7
Wholesale trade	59,400	5.03	8	58,500	5.07	8	58,000	5.11	8
State government	55,500	4.70	9	55,000	4.77	9	55,800	4.92	9
Ambulatory health care services	49,200	4.17	10	48,400	4.20	10	47,400	4.18	10
Transportation and warehousing	42,700	3.62	12	43,400	3.76	12	42,400	3.74	12
Finance and insurance	43,600	3.69	11	44,400	3.85	11	44,500	3.92	11
	859,800	72.83%		842,400	73.02%		826,700	72.86%	

Industry	2009 Number of employees	2009 Percentage of Employment	2009 Rank	2008 Number of employees	2008 Percentage of Employment	2008 Rank	2007 Number of employees	2007 Percentage of Employment	2007 Rank
Retail trade	106,000	9.19%	1	116,900	9.62%	1	119,800	9.86%	1
Professional and technical	92,900	8.05	2	100,600	8.28	2	94,700	7.80	2
Local government	89,300	7.74	3	89,500	7.37	3	87,300	7.19	3
Food services and drinking places	74,000	6.42	6	77,700	6.39	6	77,100	6.35	5
Information	80,200	6.95	4	79,800	6.57	5	75,600	6.23	6
Manufacturing durable goods	79,000	6.85	5	83,700	6.89	4	86,900	7.16	4
Administrative and waste services	61,100	5.30	7	72,500	5.97	7	73,900	6.09	7
Wholesale trade	59,700	5.18	8	63,400	5.22	8	64,200	5.29	8
State government	55,800	4.84	9	57,100	4.70	9	55,300	4.55	9
Ambulatory health care services	46,400	4.02	11	44,800	3.69	12	42,800	3.52	12
Transportation and warehousing	43,500	3.77	12	46,600	3.83	11	48,700	4.01	11
Finance and insurance	46,900	4.07	10	49,000	4.03	10	50,600	4.17	10
	834,800	72.38%		881,600	72.56%		876,900	72.22%	

Industry	2006 Number of employees	2006 Percentage of Employment	2006 Rank
Retail trade	120,900	10.06%	1
Professional and technical	88,600	7.37	2
Local government	86,000	7.15	4
Food services and drinking places	75,900	6.31	5
Information	72,500	6.03	7
Manufacturing durable goods	87,200	7.25	3
Administrative and waste services	75,000	6.24	6
Wholesale trade	64,700	5.38	8
State government	55,400	4.61	9
Ambulatory health care services	42,700	3.55	12
Transportation and warehousing	47,900	3.98	11
Finance and insurance	51,400	4.28	10
	868,200	72.21%	

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
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
2015 (g)	5,146	11,248	1,029	929	596	18,948

Households Served and Waiting List Data

Last Ten Fiscal Years (Unaudited)

Fiscal year	Total households served (b)	Total households on waiting lists (c)
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
2015	13,516	8,481

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.
(g) 113 public housing units demolished or sold in 2015. 103 other affordable units added at Kebero Court.

Table 11

THE HOUSING AUTHORITY OF THE CITY OF SEATTLE, WASHINGTON

Operating Information

Property Characteristics and Dwelling Unit Composition

December 31, 2015 (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	711	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	270	1941
	Total units – public housing	5,146	

*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, 2015 (Unaudited)

Section 8

Name of development	Address	Number of units	Year built or acquired
Housing Choice Vouchers	Various	10,359	—
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	11,248	

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, 2015 (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
Kebero Court	1105 E Fir St	103	2015
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	932	
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)	19,094	

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
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
2015	26	50	332	61	47	18	11	545