



Washington State Auditor's Office

Government that works for citizens

Financial Statements and Federal Single Audit Report

Pierce County Housing Authority

For the period January 1, 2015 through December 31, 2015

Published September 29, 2016

Report No. 1017668





Washington State Auditor's Office

September 29, 2016

Board of Commissioners
Pierce County Housing Authority
Tacoma, Washington

Report on Financial Statements and Federal Single Audit

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

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

Sincerely,

TROY KELLEY
STATE AUDITOR
OLYMPIA, WA

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Pierce County Housing Authority January 1, 2015 through December 31, 2015

SECTION I – SUMMARY OF AUDITOR’S RESULTS

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

Financial Statements

We issued an unmodified opinion on the fair presentation of the basic financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP).

Internal Control over Financial Reporting:

- *Significant Deficiencies:* We reported no deficiencies in the design or operation of internal control over financial reporting that we consider to be significant deficiencies.
- *Material Weaknesses:* We identified no deficiencies that we consider to be material weaknesses.

We noted no instances of noncompliance that were material to the financial statements of the Housing Authority.

Federal Awards

Internal Control over Major Programs:

- *Significant Deficiencies:* We reported no deficiencies in the design or operation of internal control over major federal programs that we consider to be significant deficiencies.
- *Material Weaknesses:* We identified no deficiencies that we consider to be material weaknesses.

We issued an unmodified opinion on the Housing Authority’s compliance with requirements applicable to its major federal program.

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

Identification of Major Federal Programs:

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

<u>CFDA No.</u>	<u>Program or Cluster Title</u>
14.871	Section 8 Housing Choice Vouchers

The dollar threshold used to distinguish between Type A and Type B programs, as prescribed by the Uniform Guidance, was \$750,000.

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

SECTION II – FINANCIAL STATEMENT FINDINGS

None reported.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.

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

Pierce County Housing Authority **January 1, 2015 through December 31, 2015**

Board of Commissioners
Pierce County Housing Authority
Tacoma, Washington

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Pierce County Housing Authority, Washington, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Housing Authority's basic financial statements, and have issued our report thereon dated September 26, 2016. As discussed in Note 1 to the financial statements, during the year ended December 31, 2015, the Housing Authority implemented Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*.

INTERNAL CONTROL OVER FINANCIAL REPORTING

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

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

of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

COMPLIANCE AND OTHER MATTERS

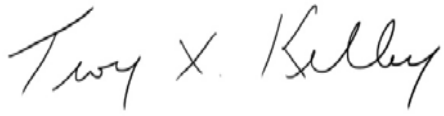
As part of obtaining reasonable assurance about whether the Housing Authority's financial statements are free from material misstatement, we performed tests of the Housing Authority's compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could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

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

PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Housing Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Housing Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not

limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

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TROY KELLEY
STATE AUDITOR
OLYMPIA, WA

September 26, 2016

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE

Pierce County Housing Authority January 1, 2015 through December 31, 2015

Board of Commissioners
Pierce County Housing Authority
Tacoma, Washington

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM

We have audited the compliance of the Pierce County Housing Authority, Pierce County, Washington, with the types of compliance requirements described in the U.S. *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the Housing Authority's major federal programs for the year ended December 31, 2015. The Housing Authority's major federal programs are identified in the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Housing Authority's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred.

An audit includes examining, on a test basis, evidence about the Housing Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination on the Housing Authority's compliance.

Opinion on Each Major Federal Program

In our opinion, the Housing Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2015.

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

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

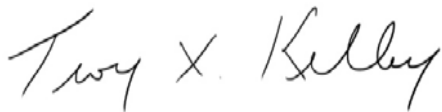
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control

that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of this Report

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

A handwritten signature in black ink that reads "Troy X. Kelley". The signature is written in a cursive style with a large "T" and "K".

TROY KELLEY
STATE AUDITOR
OLYMPIA, WA

September 26, 2016

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

Pierce County Housing Authority January 1, 2015 through December 31, 2015

Board of Commissioners
Pierce County Housing Authority
Tacoma, Washington

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the Pierce County Housing Authority, Washington, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Housing Authority's basic financial statements as listed on page 16.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Housing Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose

of expressing an opinion on the effectiveness of the Housing Authority's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Pierce County Housing Authority, as of December 31, 2015, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Matters of Emphasis

As discussed in Note 1 to the financial statements, in 2015, the Housing Authority adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 17 through 22 and pension plan information on pages 51 through 53 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.

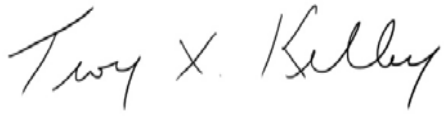
Supplementary and Other Information

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

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated September 26, 2016 on our consideration of the Housing Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That

report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Housing Authority's internal control over financial reporting and compliance.

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TROY KELLEY
STATE AUDITOR
OLYMPIA, WA

September 26, 2016

FINANCIAL SECTION

Pierce County Housing Authority January 1, 2015 through December 31, 2015

REQUIRED SUPPLEMENTARY INFORMATION

Management's Discussion and Analysis – 2015

BASIC FINANCIAL STATEMENTS

Statement of Net Position – 2015

Statement of Revenues, Expenses and Changes in Net Position – 2015

Statement of Cash Flows – 2015

Notes to Financial Statements – 2015

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Proportionate Share of the Net Pension Liability PERS 1, PERS 2/3 – 2015

Schedule of Employer Contributions PERS 1, PERS 2/3 – 2015

Schedule of Funding Progress for the Public Employees Benefits Board

Post-Employment Health Care Plan – 2015

SUPPLEMENTARY AND OTHER INFORMATION

Schedule of Expenditures of Federal Awards – 2015

Notes to the Schedule of Expenditures of Federal Awards – 2015

Financial Data Schedule – 2015

HUD Form 53001 Actual Modernization Cost Certificate – WA19P054501-15

MANAGEMENT'S DISCUSSION AND ANALYSIS

The management of Pierce County Housing Authority (Authority) administers a broad range of housing based programs within Pierce County, financed by local and federal sources. The Authority owns and operates 816 dwelling units and provides housing assistance subsidies and self-sufficiency services to another 2,800 households. Our discussion and analysis of the Authority's financial performance provides an overview of the financial activities for the fiscal year ended December 31, 2015. Please read it in conjunction with the Authority's financial statements.

FINANCIAL HIGHLIGHTS

- Near the end of the year, the Authority issued \$18,018,000 in FMNA Notes to three newly created Limited Liability Companies (LLC). The LLCs are single member entities, with the Authority being the sole single member. In accordance with GASB Statement Number 80 these three LLCs are treated as blended component units. The proceeds from these notes were used to pay off the 1998 pooled revenue bonds, fund certain reserves, pay for costs of issuance
- The Authority implemented the provisions of GASB No. 68 related to pension accounting during 2015. The effect of the adoption of this new pension accounting standard is to reduce beginning net position by approximately \$1.5 million, create new deferred outflow and inflow balances and reduce current year pension expense by approximately \$403,000.
- The Authority used approximately \$2,6 million from its replacement reserve to fund capital projects at the apartment communities in the Affordable Housing program under the 1998 pooled revenue bonds prior to their redemption.
- The Authority recorded losses on disposal of assets of approximately \$1,667,000 related to new replacements and refurbishments of existing properties.
- Operating expenses in the (LIPH) program exceeded operating revenues by approximately \$340,000.

The Authority is a highly leveraged operation, as is common in the residential real estate business. Because its rents are set at rates to provide affordable housing to low-income households, net income from operating the Affordable Housing programs is expected to be very minor. The operation of the Assisted Housing Programs is designed to operate on a break-even basis with a small administrative fee allowed for managing the program for federal agencies; however, reductions in operating subsidies have required the Authority to use its reserves in order to continue operating the programs in line with its mission.

Introduction to the Financial Statements

The Authority operates the following two major business type programs that are included in these financial statements.

Assisted Housing Programs

This major program is used to account for the various HUD and other federal housing programs administered by the Authority which is comprised of the Housing Choice Voucher, Moderate Rehabilitation, Family Self Sufficiency, Low-Income Public Housing and Rural Development programs.

Affordable Housing Programs

This major program is used to account for apartment building operations that are financed and operated in a manner similar to private business enterprise. The intent of the Authority is that the costs (expenses, including depreciation) of providing services to the general public on a continuing basis be financed or recovered primarily through rental revenues. Revenues and expenses related to financing or investing activities are treated as non-operating revenues and expenses in the Statement of Revenues, Expenses and Changes in Net Position. This major program also accounts for the sale and financing of single-family residences under its Homeownership program.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position, the Statement of Revenues, Expenses and Changes in Net Position and the Statement of Cash Flows found after Management's Discussion and Analysis, provide information about the activities of the Authority as a whole and present a longer-term view of the Authority's finances.

Reporting the Authority as a Whole

The Statement of Net Position, the Statement of Revenues, Expenses and Changes in Net Position and the Statement of Cash Flows report information about the Authority as a whole and about its activities in a way that helps communicate the financial condition of the Authority. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These statements report the Authority's net position, and changes in them, as well as how cash was generated and used during the year. The Authority's net position is the difference between assets plus deferred outflows and liabilities plus deferred inflows. It is one way to measure the Authority's financial position. Over time, increases or decreases in the Authority's net position are one indicator of whether its financial condition is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the Authority's funding structures and the condition of the Authority's housing stock, to assess the overall financial health of the Authority.

THE AUTHORITY AS A WHOLE

The Authority's net position decreased by approximately \$4 million during 2015. Approximately \$2 million of the decrease is due to the implementation of new pension accounting standards, which is reflected as a prior period adjustment to beginning net position. Approximately \$1.7 million of the decrease is due to recorded losses on disposal of assets related to new replacements and refurbishments of existing properties. The remaining decrease is due to several factors including increased costs related to the issuance of new debt, declines in investment revenue, and continuing losses in the assisted housing programs. In comparison, the Authority's net position decreased by approximately \$1.9 million during 2014. Implementation of HUD's cash management protocol to transition operating reserves back to the US Treasury resulted in a net position reduction of \$1.6 million in the HCV program. Building disposals of \$235,000, losses in the LIPH program of \$396,000, offset by gains in the Affordable Housing apartments programs of about \$370,000 make up substantially all of the change in 2015.

The following analysis focuses on the changes in assets, deferred outflows, liabilities, deferred inflows and net position of the Authority's operations.

	NET POSITION		Percentage Change
	2015	2014	
Current and Other Assets	\$ 11,251,961	\$11,866,969	-5.18%
Capital Assets, Net	27,311,697	27,170,180	0.52%
Total Assets	38,563,658	39,037,149	-1.21%
Deferred Outflows of Resources	199,132	87,575	127.38%
Non Current Liabilities	20,868,871	16,598,788	25.73%
Current Liabilities	1,373,319	2,440,035	-43.72%
Total Liabilities	22,242,190	19,038,823	16.83%
Deferred Inflows of Resources	420,425	-	N/A
Net Position:			
Invested in Capital Assets, Net of Debt	9,341,010	10,179,907	-8.24%
Restricted	72,857	7,485,164	-99.03%
Unrestricted	6,686,310	2,420,830	176.20%
Total Net Position	\$ 16,100,177	\$20,085,901	-19.84%

The decrease in net position invested in capital assets, net of debt is caused by several offsetting factors. Capital additions paid from operating cash flow and replacement reserves increased the investment in capital assets while net asset disposals and depreciation that exceeded the normal principal payments on the related capital debt reduced this category. In addition, the new capital related debt exceeded the balances in the repaid 1998 Pooled Revenue Bonds by approximately \$2.2 million, but \$1.2 million of that amount is held in restricted assets, with the offset of unspent proceeds reflected as a reduction of restricted net position.

The debt refinancing also explains most of the changes in restricted and unrestricted net position. The net result of the refinancing was to convert approximately \$4 million of previously restricted cash to unrestricted.

Unrestricted net position represents the portion of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements. The Authority's expenditures in excess of revenues in the Assisted Housing programs required the use of both restricted and unrestricted funds.

The Authority's total operating revenues reflected in the following chart increased by 9% or \$2.4 million from 2014 to 2015. An increase in HUD contributions for the HCV program and other Federal funding of \$3.4 million was offset by \$1.2 million decreases in other grants. Revenues from tenants increased slightly from 2014 to 2015.

Operating costs in the Affordable Housing and Assisted Housing programs increased as a result of an increase in utilization in the HCV program, increases in staffing to fill positions that had been left vacant following sequestration, costs incurred for the debt refinancing and normal increases in costs for materials, utilities and payroll. Overall, operating expenses increased by about \$1.3 million or 4.9% from the prior year.

The net effect of these revenue and expense changes increased net operating income in 2015 by approximately \$1.1 million from the prior year. The combination of all of these operating and non-operating factors resulted in the current year decrease in net position of about \$4 million compared to the 2014 decrease in net position of \$1.9 million.

	CHANGES IN NET POSITION		Percentage
	2015	2014	Change
Rent and Other Tenant Revenues	\$ 6,106,647	\$ 6,026,730	1.33%
Annual Contributions (HUD)	22,044,270	18,612,195	18.44%
Other Revenues	334,076	1,453,759	-77.02%
Total Operating Revenues	28,484,993	26,092,684	9.17%
Insurance Proceeds (Settlements)	-	9,747	100.00%
Investment Revenue	299,419	425,739	-29.67%
Total Non-Operating Revenue	299,419	435,486	-31.24%
Affordable Housing Operations and Administration	5,335,155	4,598,037	16.03%
Assisted Housing Operations and Administration	22,663,323	22,574,428	0.39%
Total Operating Expenses	27,998,478	27,172,465	3.04%
Loss on Disposition of Assets	1,666,671	204,856	713.58%
Amortization of Bond Discounts	38,872	42,406	-8.33%
Interest Expense	1,064,056	1,017,617	4.56%
Total Non-Operating Expense	2,769,599	1,264,879	118.96%
Increase (Decrease) in Net Assets Before Capital Grant Contributions	(1,983,665)	(1,909,174)	3.90%
Capital Grant Contributions	27,894	27,967	-0.26%
Prior Period Adjustment Related to Pensions	(2,029,953)		
Increase (Decrease) in Net Position	(3,985,724)	(1,881,207)	111.87%
Ending Net Position	\$ 16,100,177	\$20,085,901	-19.84%

Budgetary Highlights

The Authority's executive staff developed its 2015 budget in December 2014. Informal budget revisions were completed during the year in response to operational changes made to adjust for HUD funding shortfalls in the HCV program.

Overall, the Authority's revenues were \$1.2 million less than expected, and expenses were approximately \$1.55 million less than budgeted. Revenues for the Assisted Housing programs were approximately \$1.2 million less than projected and operating expenses were about \$1.45 less than budgeted. The Affordable Housing programs spent \$100,000 less than budgeted. The main factors making up substantially all of the variance are as follows:

- Housing assistance and related fee subsidies were \$1.3 million less than expected mainly as a result of HUD renewal funding reductions caused by prior year under utilization of housing choice vouchers.
- A full time position remained vacant during the fiscal year to offset the loss of funding for Family Self Sufficiency program coordinators previously provided by HUD.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2015, the Authority had \$26 million invested in its portfolio of housing stock and \$1.26 million invested in assets used in administration and program support. This amount represents a net increase (including additions, sales, disposals and depreciation) of \$1 million from last year.

The increase to capital assets is due to major maintenance and building additions (and related disposals). This year's major additions include major capital improvement projects as well as costs incurred for interior modernization activities; however, those additions are partially offset by reductions from normal recurring depreciation.

The Authority maintains capital replacement, repair and other reserves under their new FNMA Notes and under a Rural Development Administration loan agreement requirement. As of December 31, 2015, the Authority has approximately \$1.25 million in reserves held specifically for capital replacements or repairs on the three blended LLCs component units and a Rural Development project. The Authority's fiscal-year 2016 capital budget calls for it to spend approximately \$1 million for capital projects involving multi-family projects and the Low Income Public Housing program. These capital improvements will be funded from existing reserves. For additional information refer to Note 1.D.6. in the notes to the financial statements.

Debt Administration

At year-end, the Authority had \$19.2 million in bonds and loans outstanding versus \$17.4 million last year, an increase of 24%. Reductions were a result of normal, recurring principal payments and the increases were a result of the new notes issues during 2015 used to redeem the 1998 Series Pooled Housing Refunding Revenue bonds.

The Authority no longer has obligations set forth under bond covenants to maintain pre-determined debt service coverage ratios as those bonds were redeemed during 2015. Additional information regarding long-term debt and related bond covenants is provided in Note 4 of the Authority's notes to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Authority's appointed commissioners and management considered many factors when setting the preliminary fiscal year 2016 budget. On-going impact of the reduced administrative fee funding has motivated the Authority's management to mirror most operating activities of 2015 in the 2016 budget, adding in factors for inflation, statutory increases and increased housing subsidy utilization. Additionally, the Authority's preliminary budget assumes certain vacated apartments previously off-line for capital improvement projects will receive occupancy certificates and begin producing revenues midway through the year.

The investment in capital assets, net of related debt is expected to increase as a result of capital improvements that are expected to be completed in 2016. The restricted net position balance will be reduced primarily by expenditures for capital improvements that will be funded by reserve amounts restricted for that purpose. The Authority expects its unrestricted net position to increase by at least \$100,000 by the close of 2016. In order to meet the budget targets, the occupancy targets will need to be met, productivity in managing the assisted housing programs will need to be achieved and expense controls will need to be rigorously enforced.

Contacting the Authority's Financial Management

This financial report is designed to provide our citizens, renters, housing assistance customers, and creditors with a general overview of the Authority's finances and to show the Authority's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Authority's finance department, at Pierce County Housing Authority, by mail at 1525 108th St S, Tacoma, WA 98444-2613..

**PIERCE COUNTY HOUSING AUTHORITY
STATEMENT OF NET POSITION
AS OF DECEMBER 31, 2015**

ASSETS

Current Assets	
Cash, Cash Equivalents and Investments	7,916,409
Restricted Cash, Cash Equivalents and Investments	1,576,097
Accounts Receivable/prepays (net)	415,827
Notes Receivable	11,592
Inventory	11,341
TOTAL CURRENT ASSETS	9,931,266

Non Current Assets	
Restricted Cash, Cash Equivalents, and Investments	254,421
Notes Receivable	1,066,276
Capital Assets:	
Land	5,315,117
Construction in Progress	112,618
Buildings	35,933,096
Intangible Assets	89,224
Equipment and Flooring	3,358,495
Less accumulated depreciation	(17,496,853)
TOTAL NON CURRENT ASSETS	28,632,394

TOTAL ASSETS	38,563,660
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Deferred Outflows of Resources	
Deferred Outflows Related to Pensions	199,132
TOTAL DEFERRED OUTFLOWS OF RESOURCES	199,132

LIABILITIES

Accounts Payable	291,213
Accrued Interest Payable	84,984
Tenant Deposits and Prepaid Rent	217,200
Other Accrued Liabilities	247,404
Accrued Payroll & Compensated Absences	207,920
Current portion of long term liabilities	324,598
TOTAL CURRENT LIABILITIES	1,373,319

Non Current Liabilities	
Bonds and Loans Payable (net)	18,856,897
Pension Liability	1,578,661
Other Post Employment Benefits Liability	239,876
Compensated Absences and Other Non-Current Liabilities	193,437
TOTAL LIABILITIES	22,242,190

Deferred Inflows of Resources	
Grant Advances	172,784
Deferred Inflows Related to Pensions	247,641
TOTAL DEFERRED INFLOWS OF RESOURCES	420,425

NET POSITION

Net Investment in Capital Assets	9,341,010
Restricted	72,857
Unrestricted	6,686,310
TOTAL NET POSITION	16,100,177

The notes to the financial statements are an integral part of this statement.

**PIERCE COUNTY HOUSING AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2015**

OPERATING REVENUES

Dwelling Rent	5,907,426
Tenant Charges	166,424
Laundry	9,245
Utilities	23,552
Other Income	237,753
Other Operating Grants	96,323
Annual Contributions (HUD) & Operating Grants	22,044,270
TOTAL OPERATING REVENUES	28,484,993

OPERATING EXPENSES

Administration	1,941,792
Tenant Services	5,809
Utilities	1,066,331
Maintenance Costs	1,650,051
On Site Salaries and Benefits	304,292
General Operational Costs	1,098,248
Other	534,202
Independent Audit Costs	94,195
Housing Assistance Payments	19,838,195
Depreciation	1,465,363
TOTAL OPERATING EXPENSES	27,998,478

OPERATING INCOME (LOSS)

486,515

NONOPERATING REVENUES (EXPENSES)

Gain (Loss) on Disposition of Assets	(1,666,671)
Investment Revenue	299,419
Amortization of Bond Discounts and Refunding Outflows	(38,872)
Interest Expense	(1,064,056)
Total Nonoperating Revenue (Expenses)	(2,470,180)
INCOME (LOSS) BEFORE CONTRIBUTIONS	(1,983,665)

Capital Contributions 27,894

CHANGE IN NET POSITION

(1,955,771)

BEGINNING NET POSITION AS PREVIOUSLY REPORTED

20,085,901

**PRIOR PERIOD ADJUSTMENT FOR CHANGE IN PENSION ACCOUNTING
BEGINNING NET POSITION AS RESTATED**

(2,029,953)
18,055,948

TOTAL NET POSITION ENDING

16,100,177

The notes to the financial statements are an integral part of this statement.

**PIERCE COUNTY HOUSING AUTHORITY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2015**

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers	\$ 6,045,237
Payments to suppliers, employees and landlords	(27,806,437)
Receipts from governments	22,140,593
NET CASH PROVIDED BY OPERATING ACTIVITIES	379,393

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Capital contributions	27,894
Purchases of capital assets	(2,080,222)
Proceeds from issuance of capital debt	18,017,719
Principal paid on capital debt	(16,308,822)
Interest paid on capital debt	(1,064,056)
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	(1,407,487)

CASH FLOWS FROM INVESTING ACTIVITIES

Proceeds from sales and maturities of investments	7,613,576
Proceeds from Payments on Notes Receivable	30,465
Interest and dividends	299,419
NET CASH PROVIDED BY INVESTING ACTIVITIES	7,943,460
Net increase in cash and cash equivalents	6,915,367
Balances - beginning of the year	2,662,282
Balances - end of the year	9,577,649
Investments	169,278
Total Cash, Cash Equivalents and Investments	\$ 9,746,927

RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES

Operating income (Loss)	\$ 486,515
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	1,465,363
Pension expense	(908,661)
Other post employment benefits	146,226
Changes in assets and liabilities:	
Receivables, net	(157,427)
Inventories	(2,805)
Accounts Payable	(388,863)
Accrued Expenses	33,614
Tenant Deposits and Prepaid Rent	(33,331)
Accrued Payroll and Compensated absences	20,410
Advance Payment of Grants	(31,479)
Non Current Liabilities	(250,169)
NET CASH PROVIDED BY OPERATING ACITVITIES	\$ 379,393

RECONCILIATION OF TOTAL CASH, CASH EQUIVALENTS AND INVESTMENTS TO THE STATEMENT OF NET POSITION

Categories Reflected in the Statement of Net Assets

Current:

Cash, Cash Equivalents and Investments	7,916,409
Restricted Cash and Cash Equivalents	1,576,097

Non Current:

Restricted Cash Equivalents and Investments	254,421
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Total Cash, Cash Equivalents and Investments in Cash Flow Statement	\$ 9,746,927
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The notes to the financial statements are an integral part of this statement

**PIERCE COUNTY HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDING DECEMBER 31, 2015**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Pierce County Housing Authority (the Authority) was organized pursuant to the laws of the State of Washington. These financial statements have been prepared in conformity with generally accepted accounting principles as applied to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The Housing Authority's significant accounting policies are described in the following notes.

A. Reporting Entity

The purpose of the Authority is to provide safe, decent, sanitary and affordable housing to low income families in Pierce County, Washington, and to operate the housing programs in accordance with federal legislation administered through the U.S. Department of Housing and Urban Development (HUD) under provisions of the National Housing Act of 1937. The Authority was created in 1978 by an act of Pierce County, Washington.

The governing body of the Authority is its Board of Commissioners, which is comprised of six members, five of whom are appointed by the Pierce County Executive and ratified by the County Council and one, which is appointed by the Authority Board of Commissioners. The Board appoints an Executive Director to administer the affairs of the Authority. The authority is not considered a component unit of Pierce County, as the Board of Commissioners independently oversees the Authority's operations and Pierce County is not financially accountable for the Authority. Financial accountability is defined as appointment of a majority of the entities board and either (a) the ability to impose the primary government's will, or (b) the Authority will provide a financial benefit to, or impose a financial burden on, the primary government.

On January 26, 2012, the Authority's Board of Commissioners adopted a resolution relating to the organization of a nonprofit corporation, Housing Successes, to support the Authority in its goals. On July 10, 2014 the IRS provided a final determination of the tax exempt status of Housing Successes. While considered a component unit of the Authority, there was no fiscal activity during the year.

During 2014, the Authority established three separate Limited Liability Companies: Chateau Rainier Apartments LLC, DeMark Apartments LLC and Lakewood Village Apartments LLC, for the purpose of debt refunding. The refunding occurred in 2015 and the Authority transferred all assets and liabilities to these three separate legal entities. The Authority implemented the provisions of GASB Statement No. 80 *Blending Requirements for Certain Component units, and amendment of GASB Statement No. 14*. This statement requires that "A component unit should be included in the reporting entity financial statements using the blended method if the component unit is organized as a not-for-profit corporation in which the primary government is the sole corporate member...". These three legally separate entities are considered blended component units. Disclosure of these component units are provided in these notes to financial statements.

The accompanying financial statements include all programs, and organizations for which the Board of Commissioners is financially accountable.

PCHA is the lead and fiscal agency for grants received for the Family Permanency Project (FPP). While PCHA has some administrative oversight and reporting responsibilities for the FPP award, a consortium of not-for-profit agencies, which operate in the Pierce County area, provide the services required under the FPP award. The Bill and Melinda Gates Foundation contributed an initial grant that was paid in

**PIERCE COUNTY HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDING DECEMBER 31, 2015**

advance to the Greater Tacoma Community Foundation, and Building Changes provides an annual contribution for the benefit of the FPP. The amount that is expected to be paid in 2016 is reflected as restricted cash and cash equivalents and the portion that is expected to be paid after 2016 is reflected as non-current cash, cash equivalents and investments, with an offsetting amount reflected in grant advances (deferred inflows) in the accompanying financial statements. The not-for-profit consortium providing the required services is not considered a joint venture with PCHA.

B. Program Accounting

The accounts of the Authority are organized on the basis of programs, each of which is considered a separate accounting entity. The operations of each entity are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows, liabilities, deferred inflows, net position, revenues and expenses as appropriate. Resources are allocated to and accounted for in individual programs based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The operations of the Authority combine the two following major programs that account for separate business-type activities. The Authority uses sub-accounts within these major programs to account for certain funding streams that require separate accounting by State law, HUD regulations or by loan agreements. The two major programs described below are combined into a single enterprise fund for reporting purposes.

Assisted Housing Programs

This major program is used to account for the various HUD and other housing assistance programs administered by the Authority such as Section 8, Low-Income Public Housing (LIPH) and Rural Development (RD) programs.

Programs Administered for Assisted Housing

Public Housing: This program accounts for low-rent public housing projects developed and operated by the Authority. HUD provided development grants to allow the Authority to purchase real estate for use in the program and provides operating subsidies and capital improvement grants for ongoing management of the projects. There are 126 single family homes being operated in this program.

Section 8 Housing Choice Voucher Programs: The Section 8 programs provide housing assistance payments for up to approximately 2,800 households who live in private and Authority owned housing. These programs were authorized by Section 8 of the National Housing Act and provide housing assistance payments to landlords and lenders to subsidize rental and mortgage payments for low-income persons.

Moderate Rehabilitation: The Section 8 Moderate Rehabilitation program allows for the subsidy of rent on rehabilitated, low-income housing units for a contracted period of time. Both for-profit and not-for-profit developers may provide low-income housing under this program. The program has HUD-established and controlled rents designed to reimburse owners with sufficient rental income to pay for rehabilitation costs. Developers must obtain their own financing and HUD subsidizes rents once the units are occupied. There is one multi-family housing project consisting of 16 apartment units in this program.

Rural Development: This program provides for special needs populations in rural areas. Rural Development provides both rent subsidies and interest rate subsidies for this specific project which serves 20 elderly or disabled low income households.

**PIERCE COUNTY HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDING DECEMBER 31, 2015**

While dwelling rent is recognized as operating revenues, the major portion of operating revenues in the Assisted Housing Programs is the HUD Annual Contributions. These operating grants are reported as operating revenue in the statement of revenues, expenses and changes in net position. Revenues and expenses related to financing or investing activities are treated as non-operating revenues and expenses in the statement of revenues, expenses and changes in net position. Capital contributions are treated as non-operating revenue.

Affordable Housing Program

This major program is used to account for various business type activity programs administered by the Authority that do not have on-going federal subsidies to fund operations.

Programs Administered for Affordable Housing

Apartments: The operation of 8 multi-family housing projects, consisting of 670 units that are financed and operated in a manner similar to private business enterprises are included in this group. Costs (expenses, including depreciation) of providing services to the general public, on a continuing basis, are recovered primarily through rental revenues. Revenues and expenses related to financing or investing activities are treated as non-operating revenues and expenses in the statement of revenues, expenses and changes in net position.

5H Homeownership: This program accounts for the sale of public housing program homes to current residents. Homes sold under this program are transferred from the Assisted Housing Program to the Homeownership program sub-account within the Affordable Housing program at its net book value. The proceeds of the sales are a combination of cash, for privately financed first mortgages, and second mortgage notes receivable. The Authority holds a "silent second" mortgage that bears no interest. These mortgages are due upon sale of the property or at such time as the family can afford to pay at least \$50 per month in debt service as determined under program guidelines. Since the timing of repayment of these notes is uncertain, the investment in the related notes receivable have not been discounted. As such, these notes are stated at their face value in the accompanying statement of net position. There were 20 households served in this program during 2015.

C. Measurement Focus and Basis of Accounting

Basis of Accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. All of the Authority's programs are considered business-type activities, which use the economic resources measurement focus and the accrual basis of accounting. Under this basis of accounting, revenues are recognized when they are earned and expenses recognized when incurred. Substantially all transactions in the Affordable Housing Program are considered to be exchange type transactions. Annual HUD Contributions reflected in the Assisted Housing Program are considered to be voluntary non-exchange transactions. Revenues for such transactions are recorded when eligible payments have been earned.

The Authority presents a classified statement of net position, which distinguishes between short-term and long-term assets and liabilities. The criterion used to determine whether an asset or liability is long or short-term is one year. This means that assets that are expected to convert to cash or will benefit the ensuing year's operations are treated as current assets. Likewise, liabilities that will likely be settled within the ensuing year are treated as current liabilities. Certain liabilities, such as Unclaimed Property

**PIERCE COUNTY HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDING DECEMBER 31, 2015**

and Compensated Absences, are classified into current and long-term portions based upon estimates of the amounts that will be settled during the ensuing year.

D. Specific Assets, Liabilities and Revenue Recognition Policies

1. Cash, Cash Equivalents and Investments

The Authority's cash and cash equivalents are considered to be cash on hand, demand deposits, balances held by the servicer of the notes and short term investments with original maturities of three months or less from the date of acquisition. Investments are reported at fair value.

2. Accounts Receivable

The Allowance Method for uncollectable accounts receivable (tenant rental and tenant charges) is utilized. All rents and other charges due from vacated tenants, tenants pending eviction or residency termination and all rents and other charges due from active tenants that are in excess of 60 days past due are deemed to be uncollectable. These amounts reduce the amount of accounts receivable and increase General Operational Costs reflected in these financial statements.

3. Restricted Cash Equivalents and Investments

These accounts contain resources restricted by external parties for the blended component units' replacement and repair reserves, housing assistance payments, family self-sufficiency escrow, and other replacement reserves in the various funds. The note servicer holds \$1,211,000 in FDIC insured cash accounts pursuant to the Fannie Mae guidelines, that earn interest at a rate computed based upon money market rates published in the Bankrate Monitor by Bankrate, Inc.. Cash held for the operation of the assisted housing programs are not considered restricted, as they are available for operating expenses of those and other designated Authority programs. Funds held in FSS escrow accounts in the amount of \$232,519, and \$126,713 restricted for modernization and development activities for the Low-Income Public Housing and Rural Development programs, respectively. Cash and investments of \$172,784, held for the Family Permanency Project is considered restricted, as it is restricted for operating expenses of that program. Tenant damage deposits held in trust accounts of \$141,550 are considered restricted for return to the tenant or until they are applied to amounts owed by the tenant.

4. Due From and Due to other programs

During the course of the Authority's operations, numerous transactions occur between programs and/or between specific apartment rental buildings to finance operations and provide services. Internal activity within a program and between programs is eliminated except for residual balances remaining at year-end in the preparation of these financial statements. These residual balances are eliminated in these entity-wide financial statements.

5. Notes Receivable

Notes held by the Authority under its Homeownership and Low-Income Public Housing Programs are stated at the face value of unpaid second mortgages and unpaid rental account debt. Because the ultimate timing of receipt of these funds is uncertain, no discounting of amounts to reflect the time value of money is reflected in these financial statements. Mortgage and rental account payments that are due in 2016 are classified as current assets. In keeping with HUD's Real Estate Assessment Center

PIERCE COUNTY HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDING DECEMBER 31, 2015

Financial Data Schedule reporting requirements, mortgage balances that may be past due are considered non-current.

6. Capital Assets

All capital assets are valued at historical cost, which is comprised of acquisition, development and modernization costs of buildings, property improvements and equipment. Capital assets, except for land and construction in progress, are being depreciated on the straight-line method over estimated useful lives ranging from five to forty years. Buildings are depreciated over forty years, building improvements are depreciated over the remaining useful life of the particular building at the time of the improvement and intangible assets, equipment and floor covering are generally depreciated over five years.

Capital asset activity for the year ended December 31, 2015 is as follows:

	Beginning Balance	Additions	Disposals	Ending Balance
Nondepreciable Capital Assets:				
Land	\$ 5,315,117	\$ -	\$ -	\$ 5,315,117
Construction in Progress	1,336,288	112,618	\$ 1,336,288	112,618
Total Nondepreciable Capital Assets:	6,651,405	112,618	1,336,288	5,427,735
Depreciable Capital Assets:				
Buildings	34,530,980	3,738,221	2,336,105	35,933,096
Intangible Assets	89,224	-	-	89,224
Equipment & Flooring	3,281,963	287,112	210,579	3,358,495
Total Depreciable Capital Assets:	37,902,167	4,025,333	2,546,684	39,380,815
Accumulated Depreciation				
Buildings	(14,904,463)	(1,164,041)	1,154,880	(14,913,623)
Equipment & Flooring	(2,478,929)	(301,322)	197,021	(2,583,230)
Total Accumulated Depreciation	(17,383,392)	(1,465,363)	1,351,901	(17,496,853)
Total Depreciable Capital Assets, Net:	20,518,775	2,559,969	1,194,783	21,883,962
Total Capital Assets, Net	<u>\$ 27,170,181</u>			<u>\$ 27,311,697</u>

The Authority's capitalization policies are as follows:

Costs for land or structures (buildings and improvements) are capitalized. Costs for equipment and furnishings, including tenant unit flooring, having a unit cost in excess of \$200 and a useful life of more than one year are capitalized. Costs for betterments and additions, which add to the value or life of existing capital assets, are capitalized.

The majority of the Authority's capital assets are apartment buildings acquired as operating units in connection with the issuance of Housing Revenue Bonds, which were repaid in 2015. In most cases, the acquisition price was allocated between land and buildings, with no allocation of the purchase price between major components of the building. In these cases, when major components of a building are replaced, the loss on disposition of capital assets is recorded as a reduction to buildings while the

**PIERCE COUNTY HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDING DECEMBER 31, 2015**

disposition for equipment or other internal apartment furnishings that were separately purchased are recorded as a reduction to equipment.

The Authority applies certain HUD guidelines regarding eligible capital costs to all of the Authority's programs. As a result, major maintenance items such as roof replacements and exterior painting are capitalized and are depreciated over the remaining life of the structure. Other expenses for non-major maintenance and repairs, which do not add to the value or life of capital assets, are charged to operating expenses as incurred.

Additions to building, equipment and flooring are costs incurred under the HUD Capital Fund and Public Housing Programs, reconstruction costs at certain apartment buildings and other improvements and additions. A portion of the additions to equipment and flooring and some of the disposals in this category represent replacement of appliances and flooring in tenant units. The building disposals include the disposition of the declined value for building reconstruction and equipment replacement.

7. Compensated Absences

Vested and accumulated vacation and sick leave are reported as expenses and classified into current and long term portions in the applicable program.

8. Revenue Recognition

Tenant rent revenue is recognized on the first day of the month for which the rent is due. Rental payments received in advance of the month for which the payment is made is recorded as prepaid rent and is included in current liabilities. HUD contributions for continuing contracts and revenues from local and private grants are recognized as funding is earned. For non-recurring or new HUD contribution contracts, revenue is not recognized until the Authority receives a signed contract or notice of funding allocation.

9. Operating Revenues and Expenses

Operating revenues include fees and charges from providing services in connection with the ongoing operations of providing affordable and low-income housing. Operating revenues also include operating subsidies and grants provided by Housing and Urban Development (HUD). The use of this classification is based on guidance from HUD, the primary user of the financial statements. Operating expenses are those expenses that are directly incurred while in the operation of providing affordable and low-income housing. This presentation results in an operating income that is higher than a non-operating revenue presentation of HUD grants by the amount of the subsidies and grants. Overall it does not affect the presentation of the change in net position in the statement of revenues, expenses and changes in net position.

10. Inventory

Maintenance supplies maintained in the Authority's maintenance warehouse are valued at cost using the last-in, first-out method.

**PIERCE COUNTY HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDING DECEMBER 31, 2015**

11. Pensions

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

E. Change in Accounting Principles

The Authority implemented the provisions of GASB No. 68 related to pension accounting during 2015. The effect of the adoption of this new pension accounting standard is to reduce beginning net position by approximately \$2 million, create new deferred outflow and inflow balances and reduce current year pension expense by approximately \$403,000.

NOTE 2: LEGAL COMPLIANCE-BUDGETS

The Authority has no legal obligation to provide a comprehensive annual budget. For certain HUD and RD programs, the Authority is contractually required to prepare budgets. These budgets were prepared in accordance with applicable program requirements and were approved by the Board of Commissioners as required. When necessary, budget revisions were submitted to the oversight agency and approved.

NOTE 3: DEPOSITS, CASH EQUIVALENTS AND INVESTMENTS

As required by State law, all deposits and investments of the Authority's programs are deposited with Washington State banks, except for the new FNMA loan reserves that are held by other FDIC insured institutions. The deposits are entirely covered by federal depository insurance (FDIC) or by collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission (PDPC). The Authority has no policy for custodial credit risk separate from State law. The carrying amount is substantially the same as the bank balances as of December 31, 2015.

		2015
Deposits and Investments		
		Carrying Amount
Deposits		
Bank Deposits and Cash on Hand	\$	9,577,649
		Carrying Amount
Evidenced by Securities		
US Treasury and Agencies		169,278
Total Cash, Cash Equivalents and Investments	\$	9,746,927

Approximately \$1,200 of the bank deposits listed above is held by the Greater Tacoma Community Foundation (GTCF) as agent for the Sound Families Grant. Substantially all of the remaining GTCF

**PIERCE COUNTY HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDING DECEMBER 31, 2015**

funds are invested in US Treasury Notes. These US Treasury Notes mature in increments of approximately \$68,000 per year, from 2016 to 2018.

NOTE 4: LONG TERM OBLIGATIONS

The Authority's long-term obligations consist of FNMA notes issues to the three blended component units, a Rural Development loan, a business activity loan incurred in connection with the purchase of three parcels used for administrative purposes, and a SHB 2060 forgivable loan obtained for a capital improvement project. In addition, the authority records long term liabilities for its pension liabilities, a portion of compensated absences, unclaimed property, escrow accounts associated with the Section 8 and Low-Income Public Housing Family Self Sufficiency Program, and Other Post-Employment Benefits (OPEB).

The change in the various classifications of the Authority's debt from 2014 to 2015 is shown on the following chart.

	Balance Outstanding December 31, 2014	Additions	Payments	Balance Outstanding December 31, 2015	Current Portion
Housing Revenue Bonds	\$ 16,210,000	\$ -	\$ (16,210,000)	\$ -	\$ -
Component Units FNMA Loans	\$ -	18,017,719	\$ -	18,017,719	\$ 235,672
SHB 2060	65,000	-	-	65,000	-
Rural Development Program Loans	531,737	-	(18,915)	512,822	20,251
Business Activity Loan	658,247	-	(72,293)	585,954	68,675
Capital Lease	7,614	-	(7,614)	-	-
Total Outstanding Debt at year End	\$ 17,472,598	\$ 18,017,719	\$ (16,308,822)	\$ 19,181,495	
Less Bond Discounts	(394,750)		394,750	-	
Less Current Portion of Long Term Debt	(922,667)			(324,598)	324,598
Total Long Term Debt Outstanding	<u>\$ 16,155,182</u>			<u>\$ 18,856,897</u>	

**PIERCE COUNTY HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDING DECEMBER 31, 2015**

The Authority has no debt subject to Federal arbitrage regulations. Information for individual debt issues outstanding as of December 31, 2015 is contained in the flowing chart:

Issue	Purpose	Original Balance	Interest Rate Range (%)	Maturity Dates	Outstanding Balance 12/31/2015
FNMA Loan for Chateau Rainier	Refinancing Apartments Debt	10,250,000	5.66%	2016-2046	10,250,000
FNMA Loan for DeMark Apartments	Refinancing Apartments Debt	3,250,000	5.66%	2016-2046	3,250,000
FNMA Loan for Lakewood Village	Refinancing Apartments Debt	4,517,719	5.66%	2016-2046	4,517,719
SHB 2060	Capital Project Montgrove Manor	65,000	0.0%	2041	65,000
Rural Development Loan	Purchase of Apartment Community	696,219	1.0%	2014-2030	512,822
Business Activites Loan	Administrative Building Parcels	1,000,000	Variable (Prime + 1.5%)	2014-2018	585,954
Total		<u>\$ 19,778,938</u>			<u>\$ 19,181,495</u>

The Authority classifies certain liabilities between its current and long-term portions. Compensated absences, unclaimed property and FSS program funds were classified between their current and long-term portions. In addition, the Authority received an advance of a long-term Family Permanency Project (FPP) Grant.

Since the FPP grant will be used over several years, a portion is included in other long-term liabilities. The other long-term liabilities represent the estimate of the portion of certain liabilities expected to be liquidated after December 31, 2016. Tenants are allowed to pay for a bond to satisfy their security deposit requirements. These transactions are managed by a third party. The assets held by the third party and the related tenant deposit liabilities are not reflected in the Financial Statements.

The non-current liabilities other than bonds are listed in the following chart.

**PIERCE COUNTY HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDING DECEMBER 31, 2015**

	December 31, 2014	Increase	Decrease	December 31, 2015	Current Portion
Family Self Sufficiency	\$ 219,220	\$ 13,299		\$ 232,519	\$ 83,701
Compensated Absences	158,194		(34,185)	124,009	87,290
Unclaimed Property	47,586	5,109		52,695	44,796
Chapter 9 Plan Repayment	6,807		(6,807)	-	-
Sub-Total	\$ 431,807	\$ 18,408	\$ (40,992)	\$ 409,223	
Less Current Portion	(223,238)			(215,786)	215,786
Total Other Non-Current Liabilities	<u>\$ 208,569</u>			<u>\$ 193,437</u>	
Other Post Employment Liabilities	\$ 93,650	\$ 146,226		\$ 239,876	\$ -

Prior Years Defeasance

During 2011, the Authority retired \$466,583 of debt during the year simultaneous with a partial defeasance of the 1998 Series Pooled Housing Refunding Revenue Bonds in the amount of \$6,175,000 resulting from the sale of the Eagles Lair, Evergreen Court, Lone Pine and Eagles Watch apartment projects.

During 2010, Housing Revenue Bonds in the amount of \$940,000 were defeased in connection with the sale of the Garden Court West apartments project.

During 2005, Housing Revenue Bonds in the amount of \$8,285,000 were defeased in connection with the sale of the Highland Park apartments project.

During 2003, Housing Revenue Bonds totaling \$30,685,000 were defeased in connection with the sale of the Park Meadows, Emerald Terrace, Park Village and Mallards Landing apartment projects. Also during 2003, the Authority exercised its option to fully prepay the amount of \$45,781 for the outstanding bond issued in 1992 for an administrative building.

During 2000, the Harbor Heights bonds totaling \$3,190,000 were defeased in connection with the sale of that property. Securities with a cost of approximately \$3,250,000 were placed in escrow to fund the advanced defeasance. The advance refunding met the requirements of an in-substance defeasance and the old bonds were removed from the Authority's financial statements. As of December 31, 2003 no bonds are outstanding.

On December 1, 1998 Pierce County Housing Authority issued Senior Revenue Bonds of \$31,140,000 and \$3,030,000 Subordinate bonds at par with an effective interest rate of 5.74%%. These bonds were used to refinance existing short-term debt that was coming due and to defease other debt with higher interest rates and short term financing. The advance refunding met the requirements of an in-substance defeasance and the old bonds were removed from the Authority's financial statements. These bonds were fully paid in 2015 and as of December 31, 2015 none of these bonds are outstanding.

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Debt Service to Maturity

The balance of individual Authority debt issues are as follows:

Authority Debt Service to Maturity				
Issue	Rates	Principal Balance	Interest	Total Debt Service
SHB 2060	0.0%	\$ 65,000	\$ -	\$ 65,000
Rural Development Program Loan	1.0%	512,822	17,769	530,590
Administrative Building Loan	4.75%-Variable	585,954	59,372	645,326
Total		\$ 1,163,776	\$ 77,141	\$ 1,240,916

The balance of individual Authority component units' loans are as follows:

Component Units' Debt Service to Maturity				
Issue	Rates	Principal Balance	Interest	Total Debt Service
FNMA Loan for Chateau Rainier	5.66%	\$ 10,250,000	\$ 11,073,332	\$ 21,323,332
FNMA Loan for DeMark Apartments	5.66%	3,250,000	3,511,058	6,761,058
FNMA Loan for Lakewood Village	5.66%	4,517,719	4,880,603	9,398,322
Total		\$ 18,017,719	\$ 19,464,993	\$ 37,482,712

Installments for the Rural Development Program Loan approximate \$27,000 per year and installments for the Administrative Building Loan are \$102,000 per year. The Administrative Building loan has a variable interest rate which adjusts annually at the Prime Rate plus 1.5%. There are no scheduled installments for the SHB 2060 loan which is will be forgiven at the end of a 30-year term provided commitments of the loan agreement to use the proceeds for eligible purposes are fulfilled.

The FNMA notes issued for each of the three component units begin debt repayment on May 1, 2016. The monthly and annual (after 2016) installments for the three component units are as follows:

Issue	Monthly	Annual
FNMA Loan for Chateau Rainier	\$ 59,231	\$ 710,778
FNMA Loan for DeMark Apartments	18,781	225,369
FNMA Loan for Lakewood Village	26,106	313,278
Total	\$ 104,118	\$ 1,249,425

The Authority's debt service requirements to maturity are as follows:

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Authority Debt Service to Maturity

Year	Rural Development Loan		Administrative Building Loan		SHB 2060 Loan	
	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$ 20,258	\$ 6,614	\$ 75,504	\$ 26,496	\$ -	\$ -
2017	21,695	5,176	79,170	22,830	-	-
2018	23,235	3,638	437,436	9,985	-	-
2019	24,883	1,988	-	-	-	-
2020	26,649	353	-	-	-	-
2021-2025	164,439	-	-	-	-	-
2026-2030	231,663	-	-	-	-	-
2031-2035	-	-	-	-	-	-
2036-2040	-	-	-	-	-	-
2041-2045	-	-	-	-	65,000	-
Total	\$ 512,822	\$ 17,769	\$ 592,111	\$ 59,311	\$ 65,000	\$ -

The Authority's Component Units' debt service requirements to maturity are as follows:

Year	Component Units' Debt Service to Maturity					
	Chateau Rainier Apartments LLC		Demark Apartments LLC		Lakewood Village Apartments LLC	
	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$ 134,070	\$ 510,448	\$ 42,510	\$ 182,858	\$ 59,091	\$ 254,186
2017	141,859	635,179	44,980	180,389	59,092	250,752
2018	150,099	560,678	47,592	177,777	65,590	247,121
2019	158,819	551,959	50,357	175,011	7,000	243,278
2020	168,045	542,732	53,283	172,086	74,066	239,211
2021-2025	998,503	2,555,386	316,598	810,244	440,094	1,126,294
2026-2030	134,237	2,229,652	419,880	706,963	583,662	982,725
2031-2035	1,756,233	1,797,656	556,853	569,989	774,065	792,322
2036-2040	2,329,156	1,224,732	738,513	388,330	1,026,584	539,804
2041-2045	3,088,979	464,910	979,434	147,411	1,361,474	204,910
Total	\$ 10,250,000	\$ 11,073,332	\$ 3,250,000	\$ 3,511,058	\$ 4,517,719	\$ 4,880,603

NOTE 5: DEFINED BENEFIT PENSION PLANS

The following table represents the aggregate pension amounts for all plans subject to the requirements of the GASB Statement 68, *Accounting and Financial Reporting for Pensions* for the year 2015. As of December 31, 2015 the Authority has no employees participating in PERS 1, but pursuant to RCW 41.45.060, a portion of employer contributions to PERS Plans 2 and 3 is allocated to PERS 1 to fund the unfunded actuarially accrued liability (UAAL).

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Aggregate Pension Amounts – All Plans			
	PERS 1 UAAL	PERS 2/3	Aggregate Total
Pension liabilities	\$ 838,466	\$ 740,194	\$ 1,578,660
Pension assets	\$ -	\$ -	\$ -
Deferred outflows of resources	\$ -	\$ 199,131	\$ 199,131
Deferred inflows of resources	\$ 164,657	\$ 82,984	\$ 247,641
Pension expense/expenditures	\$ (65,591)	\$ (293,779)	\$ (359,370)

State Sponsored Pension Plans

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

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

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

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

Public Employees' Retirement System (PERS)

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

PERS Plan 1 provides retirement, disability and death benefits. The Authority has no employees participating in PERS 1 during the year ended December 31, 2015.

PERS Plan 2/3 provides retirement, disability and death benefits. Retirement benefits are determined as two percent of the member's average final compensation (AFC) times the member's years of service for Plan 2 and 1 percent of AFC for Plan 3. The AFC is the average of the member's 60 highest-paid consecutive service months. There is no cap on years of service credit. Members are eligible for retirement with a full benefit at 65 with at least five years of service credit. Retirement before age 65 is

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considered an early retirement. PERS Plan 2/3 members who have at least 20 years of service credit and are 55 years of age or older, are eligible for early retirement with a benefit that is reduced by a factor that varies according to age for each year before age 65. PERS Plan 2/3 members who have 30 or more years of service credit and are at least 55 years old can retire under one of two provisions:

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

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

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

Contributions

The **PERS Plan 2/3** employer and employee contribution rates are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. The Plan 2/3 employer rates include a component to address the PERS Plan 1 UAAL and an administrative expense that is currently set at 0.18 percent. Each biennium, the state Pension Funding Council adopts Plan 2 employer and employee contribution rates and Plan 3 contribution rates. The PERS Plan 2/3 required contribution rates (expressed as a percentage of covered payroll) for 2015 were as follows:

PERS Plan 2/3		
Actual Contribution Rates:	Employer 2/3	Employee 2*
January through June 2015	9.21%	4.92%
July through December 2015	11.18%	6.12%
Employee PERS Plan 3		varies

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

The Authority's actual contributions to the plan were \$208,356 for the year ended December 31, 2015.

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Actuarial Assumptions

The total pension liability (TPL) for each of the DRS plans was determined using the most recent actuarial valuation completed in 2015 with a valuation date of June 30, 2014. The actuarial assumptions used in the valuation were based on the results of the Office of the State Actuary's (OSA) *2007-2012 Experience Study*.

Additional assumptions for subsequent events and law changes are current as of the 2014 actuarial valuation report. The TPL was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2015. Plan liabilities were rolled forward from June 30, 2014, to June 30, 2015, reflecting each plan's normal cost (using the entry-age cost method), assumed interest and actual benefit payments.

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

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

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

- The OSA updated demographic assumptions, consistent with the changes from the *2007-2012 Experience Study Report*, used when valuing the PERS 1 and TERS 1 Basic Minimum COLA.
- The OSA corrected how valuation software calculates a member's entry age under the entry age normal actuarial cost method. Previously, the funding age was rounded, resulting in an entry age one year higher in some cases.
- For purposes of calculating the Plan 2/3 Entry Age Normal Cost contribution rates, the OSA now uses the current blend of Plan 2 and Plan 3 salaries rather than using a long-term membership assumption of two-thirds Plan 2 members and one-third Plan 3 members.
- The OSA changed the way it applies salary limits, as described in the *2007-2012 Experience Study Report*.

Discount Rate

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

To determine that rate, an asset sufficiency test included an assumed 7.7 percent long-term discount rate to determine funding liabilities for calculating future contribution rate requirements. (All plans use 7.7 percent except LEOFF 2, which has assumed 7.5 percent). Consistent with the long-term expected

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

Long-Term Expected Rate of Return

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

Estimated Rates of Return by Asset Class

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2015, are summarized in the table below. The inflation component used to create the table is 2.2 percent and represents the WSIB's most recent long-term estimate of broad economic inflation.

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

Sensitivity of NPL

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

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
PERS 1 UAAL	1,020,834	838,466	681,646
PERS 2/3	2,164,367	740,194	(350,241)

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Pension Plan Fiduciary Net Position

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

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

At December 31, 2015, the Authority reported a total pension liability of \$1,578,660 for its proportionate share of the net pension liabilities as follows:

	Liability
PERS 1 UAAL	\$838,466
PERS 2/3	\$740,194

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

	Proportionate Share 6/30/14	Proportionate Share 6/30/15	Change in Proportion
PERS 1 UAAL	0.018857%	0.016029%	(0.002828%)
PERS 2/3	0.024278%	0.020716%	(0.003562%)

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

The collective net pension liability (asset) was measured as of June 30, 2015, and the actuarial valuation date on which the total pension liability (asset) is based was as of June 30, 2014, with update procedures used to roll forward the total pension liability to the measurement date.

Pension Expense

The Authority retroactively adopted the provision of GASB #68 as an adjustment of beginning net position. Due to the reductions in the proportionate share of PERS 1, PERS 1 UAAL and PERS 2/3 from June 30, 2014 to June 30, 2015, the Authority has recognized a net reduction in pension expense. For the year ended December 31, 2015, the Authority recognized net pension reductions as follows:

	Pension Expense
PERS 1	0
PERS 1 UAAL	(\$65,591)
PERS 2/3	(\$148,322)
TOTAL	(\$213,913)

A net pension credit of \$150,548 for the year ended December 31, 2015 is reflected in the financial statements.

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Deferred Outflows of Resources and Deferred Inflows of Resources

At December 31, 2015, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

PERS 1 UAAL	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$	\$
Net difference between projected and actual investment earnings on pension plan investments	\$	\$ 164,657
Changes of assumptions	\$	\$
Changes in proportion and differences between contributions and proportionate share of contributions	\$	\$
Contributions subsequent to the measurement date	\$	\$
TOTAL	\$	\$ 164,657

PERS 2/3	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 78,683	\$
Net difference between projected and actual investment earnings on pension plan investments	\$	\$ 197,597
Changes of assumptions	\$ 1,193	\$
Changes in proportion and differences between contributions and proportionate share of contributions	\$	\$ (114,613)
Contributions subsequent to the measurement date	\$ 119,256	\$
TOTAL	\$ 199,132	\$ 82,984

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

Year ended December 31:	PERS 2/3
2016	\$33,710
2017	\$33,710
2018	\$33,710
2019	\$13,484

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NOTE 6: DEFERRED COMPENSATION PLAN

The Authority offers its employees a deferred compensation plan created in accordance with the Internal Revenue Code section 457. This plan, available to all regular full-time and part-time Authority employees are permitted to defer receipt of a portion of their salary until future years. Participation in the plan is optional. The deferred compensation is not available to the employee or their beneficiaries until termination, retirement, death or an unforeseeable emergency. The amounts of compensation deferred under the plan and all income attributable to these amounts are the sole property of the participant or their beneficiary. ING and DRS holds and invests these funds on behalf of the Authority's employees. No amounts related to this plan are reflected in these financial statements.

NOTE 7: OTHER POST-EMPLOYMENT BENEFITS

A. Plan Description and Funding Policy

On January 1, 2014, the Authority changed its medical plan for all eligible employees to an agent multiple-employer health care plan offered through the Public Employees Benefits Board (PEBB). PEBB offers retirees access to medical, prescription drug, life dental, vision, disability and long-term care insurance. The Authority pays monthly premiums to PEBB to provide current coverage for medical and other benefits for active employees. These premiums do not pay for a portion of the PEBB benefit to future retirees. The PEBB OPEB plan does not issue a publicly available financial report.

The relationship between the PEBB OPEB plan and its member employers and their employees and retirees is not formalized in a contract or plan document. Rather, the benefits are provided in accordance with a substantive plan. A substantive plan is one in which the plan terms are understood by the employers and plan members. This understanding is based on communications between the PEBB, employers and plan members and the historical pattern of practice with regard to the sharing of benefit costs.

B. Eligibility

There are three general eligibility requirements in order to receive PEBB retiree health insurance.

The retiree must:

- enroll or defer coverage no later than 60 days after the employer-paid or COBRA coverage ends,
- be vested in a Washington state sponsored retirement plan or meet the same age and years of service as is required of state sponsored retirees, and
- receive a monthly retirement plan payment or lump sum payment as allowed by the plan, except Plan 3 members who do not have to receive a retirement plan payment or a lump sum actuarially equivalent payment as allowed by the plan, but must meet the age and length of service requirements.

Substantially all of the Authority's employees will become eligible for these benefits if they reach normal retirement age while working for the Authority. There are currently no terminated employees or retirees who are eligible to receive these benefits.

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C. Benefits

Upon retirement, members have access to medical, prescription drug, life dental, vision, disability and long-term care insurance,

D. Funding Policy

The Washington Health Care Authority (HCA) administers the PEBB benefit plans. For medical insurance, HCA has two claims pools: one covering employees and non-Medicare eligible retirees and one covering retirees enrolled in Medicare Parts A and B. Each participating employer pays a portion of the premiums for active employees. For retirees, participating employees provide two different subsidies: and explicit subsidy and an implicit subsidy.

The explicit subsidy, permitted under the Revised Code of Washington (RCW) 41.05.085, is a straightforward, set dollar amount for a specific group of people. The explicit subsidy lowers the monthly premium paid by retired members enrolled in Medicare Parts A and B. PEBB determines the amount of the explicit subsidy annually.

Claims experience for employees and non-Medicare eligible retirees are pooled when determining premiums, so retired members pay a premium based on a pool of members that are, on average, younger and healthier. This results in an implicit subsidy, set up under RCW 41.05.022, from the employee group since the premiums paid by the retirees are lower than they would have been if the retirees were insured separately. The implicit and explicit subsidies funded on a pay-as-you-go basis. As such, the funded ratio is 0 %.

E. Annual OPEB Cost and Net OPEB Obligation

The Authority's OPEB cost is calculated based upon the Annual Required Contribution of the employer (ARC). With fewer than 100 total plan members, the Authority has elected to calculate the ARC and related information using the alternative measurement method permitted by GASB Statement 45. The Authority's required contribution rate was \$3,697 and \$2,547 per active employee for the years ended December 31, 2015 and 2014, respectively. Total contributions to the plan for the years ended December 31, 2015 and 2014 were \$146,226 and \$94,225, respectively, which represents 100% of the required contributions.

The following shows the components of the Authority's annual OPEB cost for its second year as a participating employer. Premiums paid into the PEBB plan only cover current benefits for active employees and those premiums are not considered in the ARC or Net OPEB obligation reflected below.

Annual Required Contribution (ARC):	
Normal Cost	\$ 99,665
Unfunded Actuarial Accrued Liability (UAAL) Amortization	48,230
Total ARC	147,895
Net OPEB Obligation (NOO) Interest	3,746
NOO Amortization	(5,415)
Annual OPEB Cost	146,226
NOO as of 12/31/2014	93,650
NOO as of 12/31/2015	\$ 239,876

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The Net OPEB Obligation of \$239,876 is included as a noncurrent liability on the Statement of Net Position.

F. Funding Status

As of January 1, 2014, the most recent actuarial valuation date, the plan was 0% funded. The actuarial accrued liability for benefits for the Authority is \$834,002 and the actuarial value of assets was \$0 resulting in an Unfunded Accrued Actuarial Liability (UAAL) of \$834,002.

Accrued Actuarial Liability (AAL) for Active Employees:	
Implicit Subsidy	\$ 29,367
Explicit Subsidy	804,635
Total Active Employees	<u>\$ 834,002</u>
Annual Covered Payroll	2,247,194
UAAL as a % of Annual Covered Payroll	<u>37.11%</u>

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the ARC of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

G. Actuarial Methods and Assumptions

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, is designed to present multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. However, since the Authority joined the plan effective January 1, 2014, only information for 2014 and 2015 is presented.

The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The Authority has used the alternative measurement method permitted under GASB Statement 45. A single retirement age of 62.4 was assumed for all active members to determine the AAL and normal cost. Retirement, disablement, termination, and mortality rates were assumed to follow PERS 2 rates used in the June 30, 2015 actuarial valuation report issued by the Office of the State Actuary (OSA). Healthcare costs and trends were determined by Milliman and used by the OSA in the state-wide PEBB study performed in 2015. The results were based on grouped data with four active groupings and four inactive groupings. The actuarial costs method used to determine the Actuarial Accrued Liability (AAL) was Projected Unit Credit. The AAL and Net OPEB Obligation (NOO) are amortized on an open basis

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as a level dollar over 30 years. These assumptions are individually and collectively reasonable for the purposes of this valuation.

A copy of the 2015 Other Post-Employment Benefits Actuarial Valuation Report can be downloaded from the Washington Office of the State Actuary website located at http://osa.leg.wa.gov/Actuarial_Services/OPEB/OPEB.htm.

Significant actuarial methods and assumptions are as follows:

Actuarial Valuation Date	January 1, 2015
Actuarial Cost Method	Projected Unit Credit (PUC)
Amortization Method	Closed, level percentage of projected payroll
Remaining Amortization Period	30 years for each new layer of NOO
Asset Valuation Method	N/A, no assets
Actuarial Assumptions:	
Investment Rate of Return	4%
Projected Salary Increases	3.75%
Health Care Inflation Rate	8% initial rate, 5% ultimate rate in 2093
Inflation Rate	3%

NOTE 8: INSURANCE

Pierce County Housing Authority is currently a member of Housing Authority Risk Retention Group, Inc. (HARRG) and Housing Authority Insurance, Inc. (HAI) which is the Authority's primary supplier of General Commercial Liability and Commercial Property coverage, respectively. Darwin Select Insurance Company, a member of Allied World Assurance Company Holdings Ltd., provides the Public Officials and Employment Practices liability insurance coverage.

The Authority finances its various risks of loss through the payment of premiums to the organizations discussed above. The Authority handles its risk of property loss with insurance that covers building, contents and loss of rents in a coverage amount of estimated replacement value, with a deductible of \$25,000 for building losses and a deductible of \$25,000 for contents. Risk of loss from general liability is handled with general liability coverage, which provides for \$5,000,000 aggregate per occurrence coverage with a \$5,000 deductible. Coverage for errors and omissions provides \$2,000,000 of coverage per occurrence with a \$25,000 deductible. Coverage for employment practices liability provides \$2,000,000 of coverage per occurrence with a \$25,000 deductible. The Authority also carried employee dishonesty bonding for \$100,000 with a \$5,000 deductible.

The Authority has also purchased their Auto Liability, Auto Physical Damage and Excess Auto coverage's effective 11/1/2014, which carries a combined single limit of \$ 5,000,000 per occurrence.

HARRG is fully funded by member assessments that are adjusted annually by the HARRG Board on the basis of independent actuarial studies. These assessments cover loss, loss adjustment expenses, reinsurance and other administrative expenses. HARRG does not have the right to assess the membership for any shortfall in its funding. Such shortfalls are made up through future rate adjustments.

**PIERCE COUNTY HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDING DECEMBER 31, 2015**

There were no litigation settlements that exceeded insurance, net of deductible amounts, for the periods from 2012 to 2014.

HARRG and HAPI are owned by their members and each member is asked to make an individual initial capital contribution upon entering the membership to each company of either 50% of their first year's premium or a minimum \$100 contribution. Pierce County Housing Authority has not contributed surplus to either company as of December 31, 2015.

The loans to the three component units required individual insurance on each of the properties that was satisfied by commercial policies. These policies provide coverage for property damage loss as shown

NOTE 9: DEBT SERVICE COVERAGE AND CAPITAL PROJECT COMMITMENTS

The Authority fully redeemed all bonds during 2015 and is no longer under any obligation to specific debt service coverage requirements.

During the course of its operations, the Authority enters into commitments for various capital projects and major maintenance work. At December 31, 2015, there was approximately \$68,000 in commitments under these types of contracts.

NOTE 10: CONDUIT DEBT

The Housing Authority has issued debt instruments for the purpose of providing capital financing for specific non-governmental entities, which are not a part of the Housing Authority's financial reporting entity. In general, the Housing Authority has issued conduit debt, but the Housing Authority is not responsible for the payment of the original debt. That debt is secured by a Multifamily Deed of Trust, Assignment of Rents and Security Agreement for the underlying properties. Owners of the debt have no recourse to any revenues of the Housing Authority. The Housing Authority participated in the following transactions:

Name of Non-Project Governmental Entity	Description	Date of Issue	Original Issue Amount
Hidden Hills 2001, LP	Acquisition and rehabilitation of Hidden Hills Apartments	January 1, 2002	\$8,100,000
Sumner Commons, LP	Acquisition of land and construction of Sumner Commons Apartments	December 20, 2002	\$1,750,000

NOTE 11: COMPONENT UNITS

Three component units, organized in 2014, for the purpose of obtaining new debt to refinance existing Authority debt were activated during 2015. As of November 25, 2015, the Chateau Rainier Apartments, LLC, the DeMark Apartments, LLC and the Lakewood Village Apartments LLC received the proceeds of individual loans, secured solely from the individual properties and net revenue obtained from each. The proceeds for these three loans were used to refund the 1998 Pooled Properties Revenue Bonds. The assets and liabilities of the three apartment communities were transferred to each LLC at book

PIERCE COUNTY HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDING DECEMBER 31, 2015

value, with the remainder after transfers to refund the 1998 Pooled Properties Revenue Bonds recorded as Due from/Due to Primary Government.

The Authority is the single member of each of these not-for-profit Limited Liability Companies (LLC), and according to GASB Statement No. 80 each are treated as blended component units. Condensed financial information for the three component units are provided in the following schedules.

Condensed Statement of Net Position	Chateau Rainier Apartments LLC	DeMark Apartments LLC	Lakewood Village Apartments LLC
Current Assets	\$ 1,343,695	\$ 217,355	\$ 511,578
Capital Assets	6,408,311	2,137,371	5,872,137
Other Non-current Assets	60,715	18,781	26,106
Total Assets	7,812,721	2,373,507	6,409,821
Current Liabilities	234,908	99,537	113,936
Long-term Liabilities	10,170,779	3,258,327	4,527,100
Total Liabilities	10,405,688	3,357,863	4,641,037
NET POSITION			
Invested (deficit) in Capital Assets	(3,841,689)	(1,112,629)	1,354,418
Restricted	962,181	111,834	136,832
Unrestricted	286,542	16,439	277,535
Total Net Position	\$ (2,592,966)	\$ (984,356)	\$ 1,768,784

Condensed Statement of Revenues, Expenses and Changes in Net Position	Chateau Rainier Apartments LLC	DeMark Apartments LLC	Lakewood Village Apartments LLC
Operating Revenues	\$ 2,240,431	\$ 867,483	\$ 1,318,117
Operating Expenses	2,029,788	846,798	1,260,355
Net Operating Income	210,643	20,685	57,762
Total Non-operating Income (Expense)	(671,914)	(257,598)	(1,267,482)
Transfers From (To) Primary Government	(4,002,037)	(223,262)	(1,041,618)
Change in Net Position	(4,463,308)	(460,175)	(2,251,339)
Beginning Net Position, as Previously Reported	1,939,774	(485,439)	4,096,875
Prior period adjustments	(69,432)	(38,743)	(76,752)
Beginning Net Position, as Restated	1,870,342	(524,181)	4,020,123
Ending Net Position	\$ (2,592,966)	\$ (984,356)	\$ 1,768,784

Condensed Statement of Cash Flows	Chateau Rainier Apartments LLC	DeMark Apartments LLC	Lakewood Village Apartments LLC
Cash Flows from Operations	387,070	100,561	375,080
Cash Flows from Capital Activities	962,176	111,834	136,798
Cash Flows from Investing Activities	-	-	-
Net Increase (Decrease) in cash	1,349,246	212,395	511,878
Cash at Beginning of Year	-	-	-
Cash at Ending of Year	1,349,246	212,395	511,878

**PIERCE COUNTY HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDING DECEMBER 31, 2015**

NOTE 12: CLASSIFICATIONS OF NET POSITION

The following chart provides information related to how net position is classified between invested in capital assets, net of related debt, restricted and unrestricted net position.

Net Position Components	Assets Plus Deferred Outflows	Liabilities Plus Deferred Inflows	Net Position
Capital Assets, Net of Accumulated Depreciation	\$ 27,311,697		
Capital-Related Debt		\$ (19,181,495)	
Less Unspent Proceeds from Capital Debt		1,210,808	\$ 9,341,010
Restricted Cash, Cash Equivalents and Investments	1,830,518		
Less Unspent Proceeds from Capital Debt		(1,210,808)	
Less Liabilities and Deferred Inflows Related to Restricted Assets		(546,853)	72,857
Unrestricted Net Position			6,686,310
Total Net Position			<u>\$ 16,100,177</u>

NOTE 13: SUBSEQUENT EVENTS

PCHA has evaluated subsequent events through August 31, 2016, the date which the financial statements were available to be issued. There were no significant subsequent events.

REQUIRED SUPPLEMENTARY INFORMATION
Schedule of Proportionate Share of Net Pension Liability
PERS Plan 1 UAAL and PERS Plan 2/3
As of June 30, 2015
Last 10 Fiscal Years*

	PERS Plan 1 UAAL	PERS Plan 2/3
Employer's proportion of the net pension liability (asset)	0.016029%	0.020716%
Employer's proportionate share of the net pension liability	\$ 838,466	\$ 740,194
Employer's covered employee payroll (1)	\$ 2,049,548	
Employer's proportionate share of the net pension liability as a percentage of covered employee payroll (1)	77.02%	
Plan fiduciary net position as a percentage of the total pension liability	59.10%	89.20%

* Information Available for 2015 only.

Note to Schedule:

(1)- The Authority's covered payroll is reported for the year ended December 31, 2015. The Authority has no participants in PERS Plan 1 and makes all of its contributions to PERS Plan 2/3. The state allocates a portion of its contribution to fund the PERS Plan 1 Unfunded Accrued Actuarial Liability (UAAL). Information on the proportion of the Authority's contributions assigned to PERS Plan 1 UAAL is not available. The employer's proportionate share of net pension liability as a percentage of covered payroll is therefore reported on a combined basis.

REQUIRED SUPPLEMENTARY INFORMATION
Schedule of Employer Contributions
PERS Plan 1 UAAL and PERS Plan 2/3
As of December 31, 2015
Last 10 Fiscal Years*

Statutorily or contractually required contributions	\$ 208,355
Contributions in relation to the statutorily or contractually required contributions	\$ (208,355)
Contribution deficiency (excess)	\$ -
Covered employer payroll	\$ 2,049,548
Contributions as a percentage of covered employee payroll	10.17%

* Information Available for 2015 only.

REQUIRED SUPPLEMENTARY INFORMATION
Schedule of Funding Progress for the Public Employees Benefits Board
Post-Employment Health Care Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
6/30/2013	\$ -	\$ 624,915	\$ 624,915	0.00%	\$2,087,230	29.94%
6/30/2015	\$ -	\$ 834,003	\$ 834,003	0.00%	\$2,203,074	40.69%

NOTES to Required Supplementary Information:

The PEBB OPEB plan does not issue a publicly available financial report. Since the authority joined the PEBB OPEB plan as of January 1, 2014, only two years of information is available. The schedule of funding progress uses the alternative measurement method permitted under GASB Statement No. 45 for the year ended December 31, 2015.

Pierce County Housing Authority
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2015

Federal Agency (Pass-Through Agency)	Federal Program	CFDA Number	Other Award Number	Expenditures			Note
				From Pass- Through Awards	From Direct Awards	Total	
CFP Cluster							
Office Of Public And Indian Housing, Department Of Housing And Urban Development (via NA)	Public Housing Capital Fund	14.872	2015 CFP	168,066	-	168,066	1,2
			Total CFP Cluster:	168,066	-	168,066	-
Housing Voucher Cluster							
Office Of Public And Indian Housing, Department Of Housing And Urban Development (via NA)	Section 8 Housing Choice Vouchers	14.871	HCV	21,506,900	-	21,506,900	1,2,3
			Total Housing Voucher Cluster:	21,506,900	-	21,506,900	-
Other Programs							
Rural Housing Service, Department Of Agriculture (via NA)	Rural Rental Housing Loans	10.415	RD Loan	27,894	-	27,894	1,2
Rural Housing Service, Department Of Agriculture (via NA)	Rural Rental Assistance Payments	10.427	Rural Rental Assistance	96,323	-	96,323	1,2
Office Of Public And Indian Housing, Department Of Housing And Urban Development (via NA)	Public and Indian Housing	14.850	LIPH	287,728	-	287,728	1,2,3
Section 8 Project-Based Cluster							
Office Of Public And Indian Housing, Department Of Housing And Urban Development (via NA)	Lower Income Housing Assistance Program_Section 8 Moderate Rehabilitation	14.856	Mod Rehab II	81,576	-	81,576	1,2,3
			Total Section 8 Project-Based Cluster:	493,521	-	493,521	-
			Total Federal Awards Expended:	22,168,487	-	22,168,487	

PIERCE COUNTY HOUSING AUTHORITY
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ending December 31, 2015

NOTE 1 – BASIS OF ACCOUNTING

The Schedule of Expenditures of Federal Awards is prepared on the same basis of accounting as Pierce County Housing Authority's financial statements.

NOTE 2 – PROGRAM COSTS

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

NOTE 3 – INDIRECT COST RATE

The amount expended includes \$1,411,663 claimed as an indirect cost recovery using an approved indirect cost allocation plan. The Housing Authority as not elected to use the 10-percent de Minimis indirect cost rate allowed under Uniform Guidance.

Submission Type: Audited/Single Audit

Financial Data Schedule
 HA Of Pierce County (WA054)
 Tacoma, WA
 Entity Wide Balance Sheet Summary

Fiscal Year End: 12/31/2015

	Project Total	10.415 Rural Rental Housing Loans	10.427 Rural Rental Assistance Payments
111 Cash - Unrestricted	\$271,532	\$55,556	
112 Cash - Restricted - Modernization and Development		\$38,931	
113 Cash - Other Restricted	\$22,850		
114 Cash - Tenant Security Deposits	\$40,250	\$5,600	
115 Cash - Restricted for Payment of Current Liabilities	\$7,493		
100 Total Cash	\$342,125	\$100,087	\$0
121 Accounts Receivable - PHA Projects			
122 Accounts Receivable - HUD Other Projects			
124 Accounts Receivable - Other Government			
125 Accounts Receivable - Miscellaneous			
126 Accounts Receivable - Tenants	\$6,023	\$474	
126.1 Allowance for Doubtful Accounts - Tenants	-\$1,180	-\$282	
126.2 Allowance for Doubtful Accounts - Other			
127 Notes, Loans, & Mortgages Receivable - Current	\$1,329		
128 Fraud Recovery			
128.1 Allowance for Doubtful Accounts - Fraud			
129 Accrued Interest Receivable			
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$6,172	\$192	\$0
131 Investments - Unrestricted			
132 Investments - Restricted			
135 Investments - Restricted for Payment of Current Liability			
142 Prepaid Expenses and Other Assets			
143 Inventories			
143.1 Allowance for Obsolete Inventories			
144 Inter Program Due From	\$0		
145 Assets Held for Sale			
150 Total Current Assets	\$348,297	\$100,279	\$0
161 Land	\$2,025,161	\$90,100	
162 Buildings	\$9,946,481	\$616,564	
163 Furniture, Equipment & Machinery - Dwellings	\$395,059	\$45,652	
164 Furniture, Equipment & Machinery - Administration	\$102,157		
165 Leasehold Improvements			
166 Accumulated Depreciation	-\$5,501,678	-\$203,614	
167 Construction in Progress			
168 Infrastructure			
160 Total Capital Assets, Net of Accumulated Depreciation	\$6,967,180	\$548,702	\$0
171 Notes, Loans and Mortgages Receivable - Non-Current			
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due			
173 Grants Receivable - Non Current			
174 Other Assets			
176 Investments in Joint Ventures			
180 Total Non-Current Assets	\$6,967,180	\$548,702	\$0
200 Deferred Outflow of Resources			

Submission Type: Audited/Single Audit

Financial Data Schedule
 HA Of Pierce County (WA054)
 Tacoma, WA
 Entity Wide Balance Sheet Summary

Fiscal Year End: 12/31/2015

	Project Total	10.415 Rural Rental Housing Loans	10.427 Rural Rental Assistance Payments
290 Total Assets and Deferred Outflow of Resources	\$7,315,477	\$648,981	\$0
311 Bank Overdraft			
312 Accounts Payable <= 90 Days			
313 Accounts Payable >90 Days Past Due			
321 Accrued Wage/Payroll Taxes Payable			
322 Accrued Compensated Absences - Current Portion	\$11,112		
324 Accrued Contingency Liability			
325 Accrued Interest Payable			
331 Accounts Payable - HUD PHA Programs			
332 Account Payable - PHA Projects			
333 Accounts Payable - Other Government			
341 Tenant Security Deposits	\$40,250	\$5,600	
342 Unearned Revenue	\$3,019	\$464	
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue		\$20,251	
344 Current Portion of Long-term Debt - Operating Borrowings			
345 Other Current Liabilities	\$53,088	\$4	
346 Accrued Liabilities - Other		\$384	
347 Inter Program - Due To		\$607	
348 Loan Liability - Current			
310 Total Current Liabilities	\$107,469	\$27,310	\$0
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue		\$492,571	
352 Long-term Debt, Net of Current - Operating Borrowings			
353 Non-current Liabilities - Other	\$23,498		
354 Accrued Compensated Absences - Non Current	\$4,675		
355 Loan Liability - Non Current			
356 FASB 5 Liabilities			
357 Accrued Pension and OPEB Liabilities	\$0		
350 Total Non-Current Liabilities	\$28,173	\$492,571	\$0
300 Total Liabilities	\$135,642	\$519,881	\$0
400 Deferred Inflow of Resources			
508.4 Net Investment in Capital Assets	\$6,967,180	\$35,879	
511.4 Restricted Net Position		\$38,931	
512.4 Unrestricted Net Position	\$212,655	\$54,290	\$0
513 Total Equity - Net Assets / Position	\$7,179,835	\$129,100	\$0
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$7,315,477	\$648,981	\$0

Submission Type: Audited/Single Audit

Financial Data Schedule
 HA Of Pierce County (WA054)
 Tacoma, WA
 Entity Wide Balance Sheet Summary

Fiscal Year End: 12/31/2015

	14.871 Housing Choice Vouchers	8 Other Federal Program 1	1 Business Activities	14.856 Lower Income Housing Assistance Program_Section 8 Moderate
111 Cash - Unrestricted		\$661,698	\$6,804,026	\$123,597
112 Cash - Restricted - Modernization and Development				\$0
113 Cash - Other Restricted	\$125,969		\$105,602	\$0
114 Cash - Tenant Security Deposits			\$129,592	\$0
115 Cash - Restricted for Payment of Current Liabilities	\$76,208		\$1,278,023	\$0
100 Total Cash	\$202,177	\$661,698	\$8,317,243	\$123,597
121 Accounts Receivable - PHA Projects				\$0
122 Accounts Receivable - HUD Other Projects	\$76,351			\$5,545
124 Accounts Receivable - Other Government				\$0
125 Accounts Receivable - Miscellaneous	\$15,794		\$0	\$0
126 Accounts Receivable - Tenants		\$1,327	\$129,949	\$0
126.1 Allowance for Doubtful Accounts - Tenants		\$0	-\$27,799	\$0
126.2 Allowance for Doubtful Accounts - Other	\$0			\$0
127 Notes, Loans, & Mortgages Receivable - Current		\$10,265		\$0
128 Fraud Recovery				\$0
128.1 Allowance for Doubtful Accounts - Fraud				\$0
129 Accrued Interest Receivable				\$0
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$92,145	\$11,592	\$102,150	\$5,545
131 Investments - Unrestricted				\$0
132 Investments - Restricted				\$0
135 Investments - Restricted for Payment of Current Liability				\$0
142 Prepaid Expenses and Other Assets			\$209,623	\$0
143 Inventories			\$11,341	\$0
143.1 Allowance for Obsolete Inventories			\$0	\$0
144 Inter Program Due From			\$1,184,614	\$0
145 Assets Held for Sale				\$0
150 Total Current Assets	\$294,322	\$673,290	\$9,824,971	\$129,142
161 Land			\$3,199,856	\$0
162 Buildings			\$25,370,051	\$0
163 Furniture, Equipment & Machinery - Dwellings			\$2,167,112	\$0
164 Furniture, Equipment & Machinery - Administration	\$109,692		\$628,047	\$0
165 Leasehold Improvements				\$0
166 Accumulated Depreciation	-\$76,456		-\$11,715,104	\$0
167 Construction in Progress			\$112,618	\$0
168 Infrastructure				\$0
160 Total Capital Assets, Net of Accumulated Depreciation	\$33,236	\$0	\$19,762,580	\$0
171 Notes, Loans and Mortgages Receivable - Non-Current		\$1,004,275	\$50,000	\$0
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due		\$12,000		\$0
173 Grants Receivable - Non Current				\$0
174 Other Assets				\$0
176 Investments in Joint Ventures				\$0
180 Total Non-Current Assets	\$33,236	\$1,016,275	\$19,812,580	\$0
200 Deferred Outflow of Resources			\$199,132	\$0

Submission Type: Audited/Single Audit

Financial Data Schedule
HA Of Pierce County (WA054)
Tacoma, WA
Entity Wide Balance Sheet Summary

Fiscal Year End: 12/31/2015

	14.871 Housing Choice Vouchers	8 Other Federal Program 1	1 Business Activities	14.856 Lower Income Housing Assistance Program_Section 8 Moderate
290 Total Assets and Deferred Outflow of Resources	\$327,558	\$1,689,565	\$29,836,683	\$129,142
311 Bank Overdraft				\$0
312 Accounts Payable <= 90 Days			\$291,215	\$0
313 Accounts Payable >90 Days Past Due				\$0
321 Accrued Wage/Payroll Taxes Payable			\$120,630	\$0
322 Accrued Compensated Absences - Current Portion	\$28,719		\$47,459	\$0
324 Accrued Contingency Liability				\$0
325 Accrued Interest Payable			\$84,984	\$0
331 Accounts Payable - HUD PHA Programs				\$0
332 Account Payable - PHA Projects				\$0
333 Accounts Payable - Other Government				\$0
341 Tenant Security Deposits			\$129,592	\$0
342 Unearned Revenue			\$38,275	\$0
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue			\$304,347	\$0
344 Current Portion of Long-term Debt - Operating Borrowings				\$0
345 Other Current Liabilities	\$171,701		\$21,950	\$278
346 Accrued Liabilities - Other				\$0
347 Inter Program - Due To	\$1,184,007			\$0
348 Loan Liability - Current				\$0
310 Total Current Liabilities	\$1,384,427	\$0	\$1,038,452	\$278
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue			\$18,364,326	\$0
352 Long-term Debt, Net of Current - Operating Borrowings				\$0
353 Non-current Liabilities - Other	\$16,695		\$2,633	\$0
354 Accrued Compensated Absences - Non Current	\$125,969		\$19,964	\$0
355 Loan Liability - Non Current				\$0
356 FASB 5 Liabilities				\$0
357 Accrued Pension and OPEB Liabilities			\$1,818,537	\$0
350 Total Non-Current Liabilities	\$142,664	\$0	\$20,205,460	\$0
300 Total Liabilities	\$1,527,091	\$0	\$21,243,912	\$278
400 Deferred Inflow of Resources			\$420,425	\$0
508.4 Net Investment in Capital Assets	\$33,236		\$2,304,715	\$0
511.4 Restricted Net Position			\$33,926	\$0
512.4 Unrestricted Net Position	-\$1,232,769	\$1,689,565	\$5,833,705	\$128,864
513 Total Equity - Net Assets / Position	-\$1,199,533	\$1,689,565	\$8,172,346	\$128,864
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$327,558	\$1,689,565	\$29,836,683	\$129,142

Submission Type: Audited/Single Audit

Financial Data Schedule
 HA Of Pierce County (WA054)
 Tacoma, WA
 Entity Wide Balance Sheet Summary

Fiscal Year End: 12/31/2015

	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$7,916,409		\$7,916,409
112 Cash - Restricted - Modernization and Development	\$38,931		\$38,931
113 Cash - Other Restricted	\$254,421		\$254,421
114 Cash - Tenant Security Deposits	\$175,442		\$175,442
115 Cash - Restricted for Payment of Current Liabilities	\$1,361,724		\$1,361,724
100 Total Cash	\$9,746,927	\$0	\$9,746,927
121 Accounts Receivable - PHA Projects			
122 Accounts Receivable - HUD Other Projects	\$81,896		\$81,896
124 Accounts Receivable - Other Government			
125 Accounts Receivable - Miscellaneous	\$15,794		\$15,794
126 Accounts Receivable - Tenants	\$137,773		\$137,773
126.1 Allowance for Doubtful Accounts - Tenants	-\$29,261		-\$29,261
126.2 Allowance for Doubtful Accounts - Other	\$0		\$0
127 Notes, Loans, & Mortgages Receivable - Current	\$11,594		\$11,594
128 Fraud Recovery			
128.1 Allowance for Doubtful Accounts - Fraud			
129 Accrued Interest Receivable			
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$217,796	\$0	\$217,796
131 Investments - Unrestricted			
132 Investments - Restricted			
135 Investments - Restricted for Payment of Current Liability			
142 Prepaid Expenses and Other Assets	\$209,623		\$209,623
143 Inventories	\$11,341		\$11,341
143.1 Allowance for Obsolete Inventories	\$0		\$0
144 Inter Program Due From	\$1,184,614	-\$1,184,614	\$0
145 Assets Held for Sale			
150 Total Current Assets	\$11,370,301	-\$1,184,614	\$10,185,687
161 Land	\$5,315,117		\$5,315,117
162 Buildings	\$35,933,096		\$35,933,096
163 Furniture, Equipment & Machinery - Dwellings	\$2,607,823		\$2,607,823
164 Furniture, Equipment & Machinery - Administration	\$839,896		\$839,896
165 Leasehold Improvements			
166 Accumulated Depreciation	-\$17,496,852		-\$17,496,852
167 Construction in Progress	\$112,618		\$112,618
168 Infrastructure			
160 Total Capital Assets, Net of Accumulated Depreciation	\$27,311,698	\$0	\$27,311,698
171 Notes, Loans and Mortgages Receivable - Non-Current	\$1,054,275		\$1,054,275
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due	\$12,000		\$12,000
173 Grants Receivable - Non Current			
174 Other Assets			
176 Investments in Joint Ventures			
180 Total Non-Current Assets	\$28,377,973	\$0	\$28,377,973
200 Deferred Outflow of Resources	\$199,132		\$199,132

Submission Type: Audited/Single Audit

Financial Data Schedule
 HA Of Pierce County (WA054)
 Tacoma, WA
 Entity Wide Balance Sheet Summary

Fiscal Year End: 12/31/2015

	Subtotal	ELIM	Total
290 Total Assets and Deferred Outflow of Resources	\$39,947,406	-\$1,184,614	\$38,762,792
311 Bank Overdraft			
312 Accounts Payable <= 90 Days	\$291,215		\$291,215
313 Accounts Payable >90 Days Past Due			
321 Accrued Wage/Payroll Taxes Payable	\$120,630		\$120,630
322 Accrued Compensated Absences - Current Portion	\$87,290		\$87,290
324 Accrued Contingency Liability			
325 Accrued Interest Payable	\$84,984		\$84,984
331 Accounts Payable - HUD PHA Programs			
332 Account Payable - PHA Projects			
333 Accounts Payable - Other Government			
341 Tenant Security Deposits	\$175,442		\$175,442
342 Unearned Revenue	\$41,758		\$41,758
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue	\$324,598		\$324,598
344 Current Portion of Long-term Debt - Operating Borrowings			
345 Other Current Liabilities	\$247,021		\$247,021
346 Accrued Liabilities - Other	\$384		\$384
347 Inter Program - Due To	\$1,184,614	-\$1,184,614	\$0
348 Loan Liability - Current			
310 Total Current Liabilities	\$2,557,936	-\$1,184,614	\$1,373,322
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	\$18,856,897		\$18,856,897
352 Long-term Debt, Net of Current - Operating Borrowings			
353 Non-current Liabilities - Other	\$42,826		\$42,826
354 Accrued Compensated Absences - Non Current	\$150,608		\$150,608
355 Loan Liability - Non Current			
356 FASB 5 Liabilities			
357 Accrued Pension and OPEB Liabilities	\$1,818,537		\$1,818,537
350 Total Non-Current Liabilities	\$20,868,868	\$0	\$20,868,868
300 Total Liabilities	\$23,426,804	-\$1,184,614	\$22,242,190
400 Deferred Inflow of Resources	\$420,425		\$420,425
508.4 Net Investment in Capital Assets	\$9,341,010		\$9,341,010
511.4 Restricted Net Position	\$72,857		\$72,857
512.4 Unrestricted Net Position	\$6,686,310		\$6,686,310
513 Total Equity - Net Assets / Position	\$16,100,177	\$0	\$16,100,177
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$39,947,406	-\$1,184,614	\$38,762,792

Entity Wide Revenue and Expense Summary

	Project Total	10.415 Rural Rental Housing Loans	10.427 Rural Rental Assistance Payments
70300 Net Tenant Rental Revenue	\$413,171	\$143,078	
70400 Tenant Revenue - Other	\$14,497	\$9,736	
70500 Total Tenant Revenue	\$427,668	\$152,814	\$0
70600 HUD PHA Operating Grants	\$455,794		
70610 Capital Grants		\$27,894	
70710 Management Fee			
70720 Asset Management Fee			
70730 Book Keeping Fee			
70740 Front Line Service Fee			
70750 Other Fees			
70700 Total Fee Revenue			
70800 Other Government Grants			\$96,323
71100 Investment Income - Unrestricted	\$63	\$5	
71200 Mortgage Interest Income			
71300 Proceeds from Disposition of Assets Held for Sale			
71310 Cost of Sale of Assets			
71400 Fraud Recovery			
71500 Other Revenue			
71600 Gain or Loss on Sale of Capital Assets	-\$10,766	-\$68,880	
72000 Investment Income - Restricted		\$5	
70000 Total Revenue	\$872,759	\$111,838	\$96,323
91100 Administrative Salaries	\$137,461		
91200 Auditing Fees	\$8,846	\$10,558	
91300 Management Fee			
91310 Book-keeping Fee			
91400 Advertising and Marketing			
91500 Employee Benefit contributions - Administrative	\$75,897		
91600 Office Expenses			
91700 Legal Expense			
91800 Travel			
91810 Allocated Overhead			
91900 Other	\$34,675		
91000 Total Operating - Administrative	\$256,879	\$10,558	\$0
92000 Asset Management Fee			
92100 Tenant Services - Salaries			

Entity Wide Revenue and Expense Summary

92200 Relocation Costs			
92300 Employee Benefit Contributions - Tenant Services			
92400 Tenant Services - Other			
92500 Total Tenant Services	\$0	\$0	\$0
93100 Water	\$2,458	\$4,040	
93200 Electricity	\$3,238	\$1,771	
93300 Gas			
93400 Fuel			
93500 Labor			
93600 Sewer		\$9,949	
93700 Employee Benefit Contributions - Utilities			
93800 Other Utilities Expense	\$1,583	\$14,232	
93000 Total Utilities	\$7,279	\$29,992	\$0
94100 Ordinary Maintenance and Operations - Labor	\$175,135	\$7,590	
94200 Ordinary Maintenance and Operations - Materials and Other	\$67,699	\$3,929	
94300 Ordinary Maintenance and Operations Contracts	\$100,286	\$8,680	
94500 Employee Benefit Contributions - Ordinary Maintenance	\$75,703	\$3,253	
94000 Total Maintenance	\$418,823	\$23,452	\$0
95100 Protective Services - Labor			
95200 Protective Services - Other Contract Costs			
95300 Protective Services - Other			
95500 Employee Benefit Contributions - Protective Services			
95000 Total Protective Services	\$0	\$0	\$0
96110 Property Insurance	\$15,585	\$2,971	
96120 Liability Insurance	\$13,184	\$511	
96130 Workmen's Compensation	\$17,675	\$616	
96140 All Other Insurance	\$6,736	\$1,947	
96100 Total insurance Premiums	\$53,180	\$6,045	\$0
96200 Other General Expenses	\$54,101	\$13,067	
96210 Compensated Absences		\$18	
96300 Payments in Lieu of Taxes	\$43,213		
96400 Bad debt - Tenant Rents	\$5,208	\$276	
96500 Bad debt - Mortgages			
96600 Bad debt - Other			
96800 Severance Expense			
96000 Total Other General Expenses	\$102,522	\$13,361	\$0
96710 Interest of Mortgage (or Bonds) Payable		\$35,850	

Entity Wide Revenue and Expense Summary

96720 Interest on Notes Payable (Short and Long Term)			
96730 Amortization of Bond Issue Costs			
96700 Total Interest Expense and Amortization Cost	\$0	\$35,850	\$0
96900 Total Operating Expenses	\$838,683	\$119,258	\$0
97000 Excess of Operating Revenue over Operating Expenses	\$34,076	-\$7,420	\$96,323
97100 Extraordinary Maintenance			
97200 Casualty Losses - Non-capitalized			
97300 Housing Assistance Payments			\$96,323
97350 HAP Portability-In			
97400 Depreciation Expense	\$343,789	\$20,182	
97500 Fraud Losses			
97600 Capital Outlays - Governmental Funds			
97700 Debt Principal Payment - Governmental Funds			
97800 Dwelling Units Rent Expense			
90000 Total Expenses	\$1,182,472	\$139,440	\$96,323
10010 Operating Transfer In	\$168,066		
10020 Operating transfer Out	-\$168,066		
10030 Operating Transfers from/to Primary Government	\$0		
10040 Operating Transfers from/to Component Unit			
10050 Proceeds from Notes, Loans and Bonds			
10060 Proceeds from Property Sales			
10070 Extraordinary Items, Net Gain/Loss			
10080 Special Items (Net Gain/Loss)			
10091 Inter Project Excess Cash Transfer In			
10092 Inter Project Excess Cash Transfer Out			
10093 Transfers between Program and Project - In			
10094 Transfers between Project and Program - Out			
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-\$309,713	-\$27,602	\$0
11020 Required Annual Debt Principal Payments	\$0	\$18,915	\$0
11030 Beginning Equity	\$7,625,214	\$166,125	\$0
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	-\$135,666	-\$9,423	
11050 Changes in Compensated Absence Balance			
11060 Changes in Contingent Liability Balance			
11070 Changes in Unrecognized Pension Transition Liability			
11080 Changes in Special Term/Severance Benefits Liability			
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents			

Entity Wide Revenue and Expense Summary

11100 Changes in Allowance for Doubtful Accounts - Other			
11170 Administrative Fee Equity			
11180 Housing Assistance Payments Equity			
11190 Unit Months Available	1509	240	240
11210 Number of Unit Months Leased	1499	234	234
11270 Excess Cash	\$148,088		
11610 Land Purchases	\$0		
11620 Building Purchases	\$39,039		
11630 Furniture & Equipment - Dwelling Purchases	\$22,690		
11640 Furniture & Equipment - Administrative Purchases	\$0		
11650 Leasehold Improvements Purchases	\$0		
11660 Infrastructure Purchases	\$0		
13510 CFFP Debt Service Payments	\$0		
13901 Replacement Housing Factor Funds	\$0		

Entity Wide Revenue and Expense Summary

14.871 Housing Choice Vouchers	8 Other Federal Program 1	1 Business Activities	14.856 Lower Income Housing Assistance Program_Section 8 Moderate	Subtotal	ELIM	Total
		\$5,351,177	\$0	\$5,907,426		\$5,907,426
		\$174,986	\$0	\$199,219		\$199,219
\$0	\$0	\$5,526,163	\$0	\$6,106,645		\$6,106,645
\$21,504,431			\$81,576	\$22,041,801		\$22,041,801
			\$0	\$27,894		\$27,894
			\$0			
			\$0			
			\$0			
			\$0			
			\$0			
			\$0			
			\$0			
			\$0			
			\$0	\$96,323		\$96,323
\$1	\$78	\$299,226	\$10	\$299,383		\$299,383
			\$0			
			\$0			
			\$0			
\$8,066			\$0	\$8,066		\$8,066
\$41,933	\$1,287	\$187,992	\$940	\$232,152		\$232,152
		-\$1,587,025	\$0	-\$1,666,671		-\$1,666,671
\$34			\$0	\$39		\$39
\$21,554,465	\$1,365	\$4,426,356	\$82,526	\$27,145,632		\$27,145,632
\$651,924	\$3,006	\$405,650	\$3,196	\$1,201,237		\$1,201,237
\$43,739	\$1,336	\$24,363	\$353	\$89,195		\$89,195
			\$0			
			\$0			
			\$0			
\$436,143	\$2,009	\$130,321	\$2,059	\$646,429		\$646,429
\$6,757		\$15,346	\$0	\$22,103		\$22,103
\$18,009		\$110,348	\$0	\$128,357		\$128,357
\$18,055			\$0	\$18,055		\$18,055
			\$0			
\$193,027	\$889		\$1,115	\$229,706		\$229,706
\$1,367,654	\$7,240	\$686,028	\$6,723	\$2,335,082		\$2,335,082
			\$0			
			\$0			

Entity Wide Revenue and Expense Summary

			\$0		
			\$0		
			\$0		
\$0	\$0	\$0	\$0	\$0	\$0
		\$179,786	\$0	\$186,284	\$186,284
		\$105,627	\$0	\$110,636	\$110,636
			\$0		
			\$0		
			\$0		
		\$156,894	\$0	\$166,843	\$166,843
			\$0		
		\$272,540	\$0	\$288,355	\$288,355
\$0	\$0	\$714,847	\$0	\$752,118	\$752,118
		\$705,415	\$0	\$888,140	\$888,140
		\$240,822	\$0	\$312,450	\$312,450
		\$692,240	\$0	\$801,206	\$801,206
		\$199,491	\$0	\$278,447	\$278,447
\$0	\$0	\$1,837,968	\$0	\$2,280,243	\$2,280,243
		\$24,329	\$0	\$24,329	\$24,329
		\$58,964	\$0	\$58,964	\$58,964
		\$3,954	\$0	\$3,954	\$3,954
			\$0		
\$0	\$0	\$87,247	\$0	\$87,247	\$87,247
\$35,160		\$163,984	\$0	\$217,700	\$217,700
\$54,041	\$992	\$97,618	\$248	\$166,594	\$166,594
\$4,388	\$19		\$2	\$22,700	\$22,700
\$9,900		\$31,697	\$0	\$50,280	\$50,280
\$103,489	\$1,011	\$293,299	\$250	\$457,274	\$457,274
\$111,394	\$3,969	\$469,351	\$94	\$651,976	\$651,976
		\$22,779	\$0	\$22,797	\$22,797
			\$0	\$43,213	\$43,213
		\$59,479	\$0	\$64,963	\$64,963
			\$0		
			\$0		
			\$0		
\$111,394	\$3,969	\$551,609	\$94	\$782,949	\$782,949
		\$1,028,208	\$0	\$1,064,058	\$1,064,058

Entity Wide Revenue and Expense Summary

			\$0		
		\$38,872	\$0	\$38,872	\$38,872
\$0	\$0	\$1,067,080	\$0	\$1,102,930	\$1,102,930
\$1,582,537	\$12,220	\$5,238,078	\$7,067	\$7,797,843	\$7,797,843
\$19,971,928	-\$10,855	-\$811,722	\$75,459	\$19,347,789	\$19,347,789
			\$0		
			\$0		
\$19,675,003			\$66,869	\$19,838,195	\$19,838,195
			\$0		
\$31,770	\$162	\$1,069,304	\$155	\$1,465,362	\$1,465,362
			\$0		
			\$0		
			\$0		
\$21,289,310	\$12,382	\$6,307,382	\$74,091	\$29,101,400	\$29,101,400
			\$0	\$168,066	\$168,066
			\$0	-\$168,066	-\$168,066
			\$0	\$0	\$0
			\$0		
			\$0		
			\$0		
			\$0		
			\$0		
			\$0		
			\$0		
			\$0		
\$0	\$0	\$0	\$0	\$0	\$0
\$265,155	-\$11,017	-\$1,881,026	\$8,435	-\$1,955,768	-\$1,955,768
\$0	\$0	\$830,000	\$0	\$848,915	\$848,915
\$0	\$1,709,763	\$10,464,370	\$120,429	\$20,085,901	\$20,085,901
-\$1,464,688	-\$9,181	-\$410,998	\$0	-\$2,029,956	-\$2,029,956
			\$0		
			\$0		
			\$0		
			\$0		

Entity Wide Revenue and Expense Summary

			\$0			
-\$1,199,533			\$0	-\$1,199,533		-\$1,199,533
\$0			\$0	\$0		\$0
33376		8028	192	43585		43585
29129		7699	191	38986		38986
			\$0	\$148,088		\$148,088
			\$0	\$0		\$0
			\$0	\$39,039		\$39,039
			\$0	\$22,690		\$22,690
			\$0	\$0		\$0
			\$0	\$0		\$0
			\$0	\$0		\$0
			\$0	\$0		\$0
			\$0	\$0		\$0

Actual Modernization Cost Certificate

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

OMB Approval No. 2577-0157 (exp. 1/31/2017)

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: Pierce County Housing Authority	Modernization Project Number: WA19P054501-15
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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	\$	168,066.00
B. Funds Disbursed	\$	168,066.00
C. Funds Expended (Actual Modernization Cost)	\$	168,066.00
D. Amount to be Recaptured (A-C)	\$	0
E. Excess of Funds Disbursed (B-C)	\$	0

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)

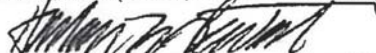
Signature of Executive Director & Date:

X  5/6/15

For HUD Use Only

The Cost Certificate is approved for audit:

Approved for Audit (Director, Office of Public Housing / ONAP Administrator)

X 

Date:

05-27-2015

The audited costs agree with the costs shown above:

Verified: (Designated HUD Official)

X

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

Date:

Date:

X

form HUD-53001 (1/2014)

ABOUT THE STATE AUDITOR'S OFFICE

The State Auditor's Office is established in the state's Constitution and is part of the executive branch of state government. The State Auditor is elected by the citizens of Washington and serves four-year terms.

We work with our audit clients and citizens to achieve our vision of government that works for citizens, by helping governments work better, cost less, deliver higher value, and earn greater public trust.

In fulfilling our mission to hold state and local governments accountable for the use of public resources, we also hold ourselves accountable by continually improving our audit quality and operational efficiency and developing highly engaged and committed employees.

As an elected agency, the State Auditor's Office has the independence necessary to objectively perform audits and investigations. Our audits are designed to comply with professional standards as well as to satisfy the requirements of federal, state, and local laws.

Our audits look at financial information and compliance with state, federal and local laws on the part of all local governments, including schools, and all state agencies, including institutions of higher education. In addition, we conduct performance audits of state agencies and local governments as well as [fraud](#), state [whistleblower](#) and [citizen hotline](#) investigations.

The results of our work are widely distributed through a variety of reports, which are available on our [website](#) and through our free, electronic [subscription](#) service.

We take our role as partners in accountability seriously, and provide training and technical assistance to governments, and have an extensive quality assurance program.

Contact information for the State Auditor's Office	
Public Records requests	PublicRecords@sao.wa.gov
Main telephone	(360) 902-0370
Toll-free Citizen Hotline	(866) 902-3900
Website	www.sao.wa.gov