

**Washington State Auditor's Office**  
**Financial Statements and Federal Single Audit Report**

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**Housing Authority of the City of  
Longview  
(Longview Housing Authority)  
Cowlitz County**

Audit Period  
October 1, 2004 through September 30, 2005

Report No. 71019

Issue Date  
June 30, 2006



Washington \_\_\_\_\_  
**State Auditor**  
\_\_\_\_\_  
Brian Sonntag

**State Auditor's Office  
Mission Statement**

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**Washington State Auditor  
Brian Sonntag**

June 30, 2006

Board of Commissioners  
Longview Housing Authority  
Longview, Washington

***Report on Financial Statements and Federal Single Audit***

Please find attached our report on Longview 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.

In addition to this work, we look at other areas of our audit client's operations for compliance with state laws and regulations. The results of that audit will be included in a separately issued accountability report.

Sincerely,

A handwritten signature in black ink, appearing to read "Brian Sonntag".

**BRIAN SONNTAG, CGFM  
STATE AUDITOR**



# Table of Contents

Longview Housing Authority  
Cowlitz County  
October 1, 2004 through September 30, 2005

Federal Summary.....	1
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters in Accordance with <i>Government Auditing Standards</i> .....	2
Independent Auditor's Report on Compliance with Requirements Applicable to its Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133.....	4
Independent Auditor's Report on Financial Statements .....	6
Financial Section .....	8



# Federal Summary

## Longview Housing Authority Cowlitz County October 1, 2004 through September 30, 2005

The results of our audit of Longview Housing Authority are summarized below in accordance with U.S. Office of Management and Budget Circular A-133.

- An unqualified opinion was issued on the Housing Authority's financial statements.
- We noted no instances of noncompliance that were material to the financial statements of the Housing Authority.
- We issued an unqualified opinion on the Housing Authority's compliance with requirements applicable to its major federal program.
- We reported no findings which are required to be disclosed under OMB Circular A-133.
- We noted in our Independent Auditor's Report on Financial Statements that the Schedule of Expenditures of Federal Awards was fairly presented.
- The dollar threshold used to distinguish between Type A and Type B programs, as prescribed by OMB Circular A-133, was \$300,000.
- The Housing Authority qualified as a low-risk auditee under OMB Circular A-133.
- The following was a major program during the period under audit:

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

**Independent Auditor's Report on Internal  
Control over Financial Reporting and on  
Compliance and Other Matters in Accordance  
with *Government Auditing Standards***

Longview Housing Authority  
Cowlitz County  
October 1, 2004 through September 30, 2005

Board of Commissioners  
Longview Housing Authority  
Longview, Washington

We have audited the basic financial statements of Longview Housing Authority, Cowlitz County, Washington, as of and for the year ended September 30, 2005, and have issued our report thereon dated June 5, 2006. During the year ended September 30, 2005, the Housing Authority implemented Governmental Accounting Standards Board 40, *Deposit and Investment Risk Disclosures*.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

***INTERNAL CONTROL OVER FINANCIAL REPORTING***

In planning and performing our audit, we considered the Housing Authority's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting.

Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving internal control over financial reporting and its operation that we consider to be material weaknesses.

***COMPLIANCE AND OTHER MATTERS***

As part of obtaining reasonable assurance about whether the Housing Authority's financial statements are free of 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, the objective of our audit of the financial statements was not to provide an opinion on overall compliance with these provisions. 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 herein under *Government Auditing Standards*.



This report is intended for the information and use of management, the Board of Commissioners, federal awarding agencies and pass-through entities. 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, appearing to read "Brian Sonntag". The signature is stylized with a large, looping initial "B" and a cursive "S".

**BRIAN SONNTAG, CGFM**  
STATE AUDITOR

June 5, 2006

**Independent Auditor's Report on Compliance  
with Requirements Applicable to its Major  
Program and Internal Control over Compliance  
in Accordance with OMB Circular A-133**

Longview Housing Authority  
Cowlitz County  
October 1, 2004 through September 30, 2005

Board of Commissioners  
Longview Housing Authority  
Longview, Washington

**COMPLIANCE**

We have audited the compliance of Longview Housing Authority, Cowlitz County, Washington, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to its major federal program for the year ended September 30, 2005. The Housing Authority's major federal program is identified in the Federal Summary. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the Housing Authority's management. Our responsibility is to express an opinion on the Housing Authority's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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. Our audit does not provide a legal determination on the Housing Authority's compliance with those requirements.


In our opinion, the Housing Authority complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended September 30, 2005.

**INTERNAL CONTROL OVER COMPLIANCE**

The management of the Housing Authority is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Housing Authority's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information of management, the Board of Commissioners, federal awarding agencies and pass-through entities. 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, appearing to read "Brian Sonntag". The signature is fluid and cursive, with the first name "Brian" and last name "Sonntag" clearly distinguishable.

**BRIAN SONNTAG, CGFM**  
STATE AUDITOR

June 5, 2006

# Independent Auditor's Report on Financial Statements

Longview Housing Authority  
Cowlitz County  
October 1, 2004 through September 30, 2005

Board of Commissioners  
Longview Housing Authority  
Longview, Washington

We have audited the accompanying basic financial statements of Longview Housing Authority, Cowlitz County, Washington, as of and for the year ended September 30, 2005, as listed on page 8. These financial statements are the responsibility of the Housing Authority's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Longview Housing Authority, as of September 30, 2005, and the changes in financial position and cash flows, where applicable, thereof, for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1, during the year ended September 30, 2005, the Housing Authority implemented Governmental Accounting Standards Board Statement 40, *Deposit and Investment Risk Disclosures*.

In accordance with *Government Auditing Standards*, we have also issued our report 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 9 through 13 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the Housing Authority's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S.

Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. The accompanying Financial Data Schedule is supplemental information required by HUD. These schedules are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

A handwritten signature in black ink, appearing to read "Brian Sonntag". The signature is fluid and cursive, with the first name "Brian" and last name "Sonntag" clearly distinguishable.

**BRIAN SONNTAG, CGFM**  
STATE AUDITOR

June 5, 2006

# **Financial Section**

Longview Housing Authority  
Cowlitz County  
October 1, 2004 through September 30, 2005

## ***REQUIRED SUPPLEMENTAL INFORMATION***

Management's Discussion and Analysis – 2005

## ***BASIC FINANCIAL STATEMENTS***

Statement of Net Assets – 2005

Statement of Revenues, Expenses and Changes in Fund Net Assets – 2005

Statement of Cash Flows – 2005

Notes to the Financial Statements – 2005

## ***SUPPLEMENTAL INFORMATION***

Schedule of Expenditures of Federal Awards – 2005

Notes to the Schedule of Expenditures of Federal Awards – 2005

Financial Data Schedule – 2005

**HOUSING AUTHORITY OF THE CITY OF LONGVIEW**  
**Management's Discussion And Analysis**  
**September 30, 2005**

The Housing Authority of the City of Longview, doing business as the Longview Housing Authority ("Authority"), management's discussion and analysis is designed to assist the reader in focusing on significant financial issues, provide an overview of the Authority's financial activity, identify changes in the Authority's financial position, and identify individual fund issues or concerns. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements.

***Financial Highlights***

- Cash and cash equivalents increased by \$142 thousand (8.3%) during 2005. Total cash and equivalents at year end were \$1.85 million.
- The Authority's net assets decreased by \$93,296 (26%) during 2005. The Authority provides affordable housing to the public. To maintain affordability the Authority does not recover depreciation costs or property taxes through rents. Accounting standards, however, require the Authority to record depreciation. In the opinion of management, depreciation of real estate is not a true economic decrease in the value of the assets. The recording of the non-cash expense depreciation has accumulated to approximately \$3.3 million. The Authority maintains a positive cash flow (see bullet above) and a positive equity basis when accumulated depreciation has been taken into account. Net Assets were (\$459) thousand and (\$366) thousand for 2005 and 2004 respectively.
- The Authority maintained average occupancy levels of 97% across the rental projects.
- The Authority revenues increased by \$180 thousand (2%) during 2005. Revenues were \$8.07 million and \$7.91 million for 2005 and 2004 respectively.
- The total expenses of all Authority programs increased by \$87 thousand (or 1%). Total expenses were \$8.18 million and \$8.09 million for 2005 and 2004 respectively.

***Authority Wide Financial Statements***

The Authority-wide financial statements are designed to be corporate-like in that all business type activities are consolidated into columns which add to a total for the entire authority. There are three major sections to the Authority's financial statements included in this report.

The Statements include a Statement of Net Assets, which is similar to a Balance Sheet. The Statement of Net Assets reports all financial and capital resources for the Authority. The statement is presented in the format where assets, minus liabilities, equal "Net Assets", formerly known as equity. Assets and liabilities are presented in order of liquidity, and are classified as "Current" (convertible into cash within one year), and "Non-current".

The focus of the Statement of Net Assets (the "Unrestricted Net Assets") is designed to represent the net available liquid (non-capital) assets, net of liabilities, for the entire Authority. Net Assets (formerly equity) are reported in three broad categories:

**HOUSING AUTHORITY OF THE CITY OF LONGVIEW**  
**Management's Discussion And Analysis**  
**September 30, 2005**

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

Restricted Net Assets: This component of Net Assets consists of restricted assets, when constraints are placed on the asset by creditors (such as debt covenants), grantors, contributors, laws, regulations, etc.

Unrestricted Net Assets: Consists of Net Assets that do not meet the definition of "Net Assets Invested in Capital Assets, Net of Related Debt", or "Restricted Net Assets".

The Authority-wide financial statements also include a Statement of Revenues, Expenses and Changes in Fund Net Assets (similar to an Income Statement). This Statement includes Operating Revenues, such as rental income, Operating Expenses, such as administrative, utilities, and maintenance, and depreciation, and Non-Operating Revenue and Expenses, such as grant revenue, investment income and interest expense.

The focus of the Statement of Revenues, Expenses and Changes in Fund Net Assets is the "Change in Net Assets", which is similar to Net Income or Loss.

Finally, a Statement of Cash Flows is included, which discloses net cash provided by, or used for operating activities, non-capital financing activities, and from capital and related financing activities.

The Authority consists exclusively of a single Enterprise Fund and uses the full accrual basis of accounting. The Enterprise method of accounting is similar to accounting utilized by the private sector accounting.

***Condensed Comparative Financial Information***

The following table<sup>1</sup> presents the condensed **Statement of Net Assets** compared to prior year.

<b>Statement of Net Assets</b>	<b>9/30/2005</b>	<b>9/30/2004</b>
Current and Other Assets	1,181,979	907,157
Long Term and Capital Assets	14,094,320	14,491,837
<b>Total Assets</b>	<b>\$ 15,276,299</b>	<b>\$ 15,028,589</b>
Current and Other Liabilities	1,222,382	977,057
Long-term Liabilities	14,512,740	14,787,464
<b>Total Liabilities</b>	<b>15,735,122</b>	<b>15,764,521</b>
Invested in Capital Assets, Net of Related Debt	(2,073,303)	(1,971,242)
Restricted	1,250,272	1,244,152
Unrestricted	364,208	361,563
<b>Total Net Assets</b>	<b>\$ (458,823)</b>	<b>\$ (365,527)</b>

<sup>1</sup> For more detailed information see the Statement of Net Assets.



**HOUSING AUTHORITY OF THE CITY OF LONGVIEW**  
**Management's Discussion And Analysis**  
**September 30, 2005**

The Authority's unrestricted current assets exceed current liabilities (payable from unrestricted assets) by \$87 thousand, for a current ratio of 1.22. The current ratio is a measure of the ability to pay debts as they become due.

The Housing Authority had \$691,754 thousand in cash, investments and inventory that were restricted in use by various bond trust indentures and loan commitments. These assets may only be used only for bond debt service, capital replacements, or property improvements. This amount increased by \$155 thousand (23%) from a balance of \$537 thousand at the beginning of the fiscal year. A significant part of this increase results from the additional investments in property for the Share home ownership program.

The Authority's net assets decreased by \$93 thousand, a negative trend continuing for the past five years since the implementation of full accrual GAAP accounting at the direction of the Department of Housing and Urban Development. Prior to that time, depreciation was not booked under HUD accounting rules. Since the change to GAAP, depreciation has been charged against all capital assets equal to what would have been charged if they had been depreciated from the beginning of their period of use. The Housing Authority's capital assets are 99% real estate, buildings and improvements to those buildings that are used to rent to low-income tenants. To maintain affordability the Authority does not recover depreciation costs or property taxes through rents. It is the opinion of management that depreciation of real estate does not correctly portray the economic result of holding this real estate. The properties of the Authority are maintained and improved through its operating budget and with the use of other capital improvement funds available to it. Additionally, real estate is subject to appreciation, based on market conditions, but historical cost is carried on the books of the Authority and subject to depreciation, so any appreciation is not captured in the financial statements.

The allocation of the Net Assets within the three classifications, "invested in capital assets", "restricted", and "unrestricted" better explain the affect of depreciating real estate that is subject to long-term financing agreements. The amount of equity "invested in capital assets, net of related debt" is (\$2,073,303) at the end of the year. This is computed by adding the value of the capital assets, net of depreciation charges, \$12,720,030 less the debt owed on the assets \$14,793,333. While accumulated depreciation increased by \$410 thousand in 2005, the negative value of net capital assets was increased by only \$93,296 for the same time period. The difference of approximately \$317 thousand represents a non-cash expense and a cash savings. However, the Authority management still believes that the depreciation charges do not equate to an economic loss of value.

**HOUSING AUTHORITY OF THE CITY OF LONGVIEW**  
**Management's Discussion And Analysis**  
**September 30, 2005**

The following table<sup>2</sup> presents the condensed **Statement of Revenues, Expenses and Changes in Net Assets** compared to prior year.

<b>Statements of Revenues, Expenses, And Changes in Fund Net Assets</b>	<b>9/30/2005</b>	<b>9/30/2004</b>
<b>Operating Revenues</b>		
Tenant & rental revenues	\$ 1,621,510	\$ 1,575,511
Revenues from sale of assets held for sale	227,611	-
Less cost of assets held for sale	(227,348)	-
Other operating revenues	68,375	51,235
<b>Total Operating Revenues</b>	<b>1,690,148</b>	<b>1,626,746</b>
<b>Operating Expenses</b>	<b>7,374,386</b>	<b>7,305,190</b>
<b>Non-operating Revenues and (Expenses)</b>	<b>5,590,942</b>	<b>5,492,887</b>
<b>Change in Net Assets</b>	<b>\$ (93,296)</b>	<b>\$ (185,557)</b>

The Housing Authority's total operating revenue increased approximately 4%. Rental income increased 3% due to rent increases and better occupancy performance over the fiscal year. Grants revenues in the Non-operating Revenues and (Expenses) increased by 1%. The modest growth in grant income can be attributed to the lack of any additional funding from the federal government for the Housing Choice Voucher and other programs.

Operating expenses remained consistent with last year. There was a modest increase of \$69 thousand. Depreciation and amortization expense increased 2% over the previous year.

***Capital Asset and Long-Term Debt Administration***

As of the year end, the Authority had \$12.7 million invested in a variety of capital assets as reflected in the following schedule, which represents a net decrease of \$363 thousand from the end of last year. The following table also summarizes the changes in capital assets between fiscal years 2005 and 2004:

	<b>2005</b>	<b>2004</b>	<b>Net Change</b>
Land	\$ 1,114,598	\$ 1,114,598	\$ -
Buildings, improvements & fixtures	11,989,577	11,933,115	56,462
Leasehold improvements	2,708,413	2,708,413	-
Machinery, vehicles, & equipment	177,853	185,556	(7,703)
Construction in progress	-	1,164	(1,164)
Less accumulated depreciation	(3,270,411)	(2,860,285)	(410,126)
<b>Total capital assets (net)</b>	<b>\$ 12,720,030</b>	<b>\$ 13,082,561</b>	<b>\$ (362,531)</b>

***Long-Term Debt***

The Housing Authority's long-term debt consists of loans, notes and revenue bonds issued for the purpose of acquisition and improvement of real property to provide housing for low income tenants.

<sup>2</sup> For more detailed information see the Statement of Revenues, Expenses and Changes in Net Assets.

**HOUSING AUTHORITY OF THE CITY OF LONGVIEW**  
**Management's Discussion And Analysis**  
**September 30, 2005**

At September 30, 2005, the total liabilities reported by the Authority are \$15.8 million of which \$14.5 million are classified as long-term and \$1.2 million are current liabilities. Of the current liabilities \$819 thousand are payable from restricted assets and \$403 thousand are payable from unrestricted assets.

Payments of \$260 thousand were made on outstanding bonds and loans during the year.

***Other Potentially Significant Matters***

The Authority has issued two purchase and sale agreements. The first purchase and sales agreement is for a 16 unit senior housing complex in Kalama, Washington. The second purchase and sales agreement is for a 35 unit senior housing complex in Castle Rock, Washington.. The properties are subsidized through the USDA Rural Development 515 program so that a tenant's rent is limited to 30% of their income with Rural Development making up the balance needed to pay operating expenses. Two of three sources needed to finance the purchase have been secured and the Authority believes the actual purchase will occur before the close of fiscal year 2006.

***Contacting the Housing Authority's Financial Management***

The financial report is designed to provide a general overview of the Authority's finances for all those with an interest. Questions concerning any of the information should be addressed to Tom Drake, CFE, CPA, Finance Director for the Longview Housing Authority. The Authority's offices are located at 1207 Commerce Ave., Longview, WA 98632. The telephone number is (360) 423-0140 x 16.

**Housing Authority of the City of Longview**  
**Statement of Net Assets**  
For the Year Ended September 30, 2005

<b>Assets</b>	
Current Assets:	
Cash and cash equivalents	\$ 346,775
Receivables- private (net of allowance)	64,092
Receivables- intergovernmental	73,508
Inventories	602
Prepaid expenses	5,248
Restricted Assets:	
Cash- client deposits	162,405
Cash- restricted replacement accounts	142,826
Invested restricted replacement accounts	103,992
Assets held for sale	282,531
Total restricted assets	<u>691,754</u>
Total Current Assets	<u>1,181,979</u>
Non-Current assets:	
Deferred charges	177,081
Restricted Assets:	
Cash- bond covenant accts	1,197,209
Capital Assets:	
Land	1,114,598
Buildings, improvements & fixtures	11,989,577
Leasehold improvements	2,708,413
Machinery, vehicles, & equipment	177,853
Less accumulated depreciation	<u>(3,270,411)</u>
Total capital assets (net)	<u>12,720,030</u>
Total long-term assets	<u>14,094,320</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 15,276,299</u></b>
<b>Liabilities</b>	
Current liabilities:	
Accounts payable	\$ 185,735
Accrued compensated absences	35,194
Deferred credits	111,689
Current portion of LT debt	70,593
Payables from restricted assets:	
Advances on assets held for sale	3,000
Notes payable on assets held for sale	190,329
Client deposits payable	159,485
Bond interest payable	256,357
Current portion of LT debt	<u>210,000</u>
Total Current Liabilities	<u>1,222,382</u>
Non-current liabilities:	
Notes payable	5,526,746
Revenue bonds payable	9,266,587
Less current portion	<u>(280,593)</u>
Total long-term liabilities	<u>14,512,740</u>
<b>TOTAL LIABILITIES</b>	<b><u>\$15,735,122</u></b>
<b>Net Assets</b>	
Invested in Capital Assets, Net of Related Debt	(2,073,303)
Restricted for bond debt service covenants	1,250,272
Unrestricted	364,208
<b>TOTAL NET ASSETS</b>	<b><u>\$ (458,823)</u></b>

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

**Housing Authority of the City of Longview**  
**Statements of Revenues, Expenses, And Changes in Fund Net Assets**  
**For the Fiscal Year Ended September 30, 2005**

<b>Operating Revenues</b>	
Tenant & rental revenues	\$ 1,621,510
Revenues from sale of assets held for sale	227,611
Less cost of assets held for sale	(227,348)
Other operating revenues	68,375
<b>Total operating revenues</b>	<u>1,690,148</u>
 <b>Operating Expenses</b>	
Employee compensation	723,973
Employee benefits & taxes	231,426
Rental property operating expenses	557,178
Administrative & office	245,576
Direct tenant services provided	23,304
Insurance premiums	46,919
Other general expenses	44,091
Depreciation expense	417,829
Housing subsidies paid- tenant based programs	5,084,090
<b>Total operating expenses</b>	<u>7,374,386</u>
 <b>Operating Income(Loss)</b>	 <u>(5,684,238)</u>
 <b>Non-Operating Revenue(Expense)</b>	
HUD housing subsidy grant revenues	5,643,063
Government operating grants	692,196
Investment income	31,194
Proceeds from insurance- casualty losses	29,832
Interest expense	(759,619)
Amortization- bond issuance costs	(8,630)
Casualty losses- noncapitalized	(27,418)
Trustee fees- bond issues	(5,100)
Payments-in-lieu-of-taxes(PILOT)	(4,576)
<b>Total non-operating revenues(expenses)</b>	<u>5,590,942</u>
 <b>Change in Net Assets</b>	 (93,296)
<b>Total Net Assets - October 1, 2004</b>	<u>(365,527)</u>
<b>Total Net Assets - September 30, 2005</b>	<u><u>\$ (458,823)</u></u>

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

**Housing Authority of the City of Longview**  
**Statements of Cash Flows**  
For the Fiscal Year Ended September 30, 2005

<b>Cash flows from operating activities</b>	
Receipts from tenants	\$ 2,006,392
Receipts from government contracts	120,190
Payments to suppliers	(6,274,212)
Payments to employees	(946,525)
Net cash provided by operating activities	<u>(5,094,155)</u>
<b>Cash flows to non-capital financing activities</b>	
Receipts from government grants	6,305,739
Paid on line-of-credit borrowing	(65,000)
Net cash provided by non-capital financing activities	<u>6,240,739</u>
<b>Cash flows from capital and related financing activities</b>	
Purchase of buildings and improvements	(39,188)
Interest payments	(759,517)
Principal payment on notes payable	(66,343)
Principal payment on bonds payable	(200,000)
Paid for trustee fees	(5,100)
Net cash used by financing activities	<u>(1,070,148)</u>
<b>Cash flows from investing activities</b>	
Interest received	31,194
Purchase of investments	(1,587)
Principal received on note receivable	36,330
Net cash provided by investing activities	<u>65,937</u>
Net increase(decrease) in cash and cash equivalents	142,373
Cash and cash equivalents, beginning of year	1,706,842
Cash and cash equivalents, end of year	<u><u>\$1,849,215</u></u>

**Reconciliation of Operating Income(Loss) to Net Cash  
Provided(Used) By Operating Activities**

Net operating income	\$ (5,684,238)
Adjustments to reconcile net operating	
Depreciation expense	417,829
Change in assets and liabilities:	
Cash flows (to)from casualty losses	2,414
Cash flows to PILOT payments	(4,576)
<b>Change in assets and liabilities:</b>	
(Increase)decrease in accounts receivable(net)	85,417
Increase in deferred revenues	56,417
(Increase)decrease in prepaid expense	(1,163)
(Increase)decrease in inventories	733
Increase(decrease) in tenant deposits on hand	(7,208)
(Increase)decrease in assets held for sale	(70,794)
Increase(decrease) in accounts payable	102,140
Increase(decrease) in accrued compensated absences	8,874
Increase(decrease) in PILOT payable	-
Total adjustments	<u>590,083</u>
Net cash provided by operating activities	<u><u>\$ (5,094,155)</u></u>

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

## HOUSING AUTHORITY OF THE CITY OF LONGVIEW

Notes to the Financial Statements  
For the Year Ended September 30, 2005

### Note 1 - SUMMARY OF SIGNIFICANT POLICIES

The accounting policies of the Housing Authority of the City of Longview (Authority) conform to generally accepted accounting principles (GAAP) as applicable to proprietary funds of governments. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. In June 1999, GASB approved Statement 34, Basic Financial Statements – and Management Discussion and Analysis - for State and Local Governments. This and consecutive statements are reflected in the accompanying financial statements (including notes to financial statements). The following is a summary of the most significant policies (including identification of those policies which result in material departures from generally accepted accounting principles):

This year is the first year the authority has implemented GASB Statement 40 Deposit and Investment Risk.

a. Reporting Entity

The Housing Authority of the City of Longview is a municipal corporation governed by an appointed six member board. The Authority was incorporated on July 24, 1975 and operates under the laws of the state of Washington applicable to Housing Authorities. It is governed by a six member board appointed by the Mayor of the City of Longview. As required by generally accepted accounting principles, management has considered all potential component units in defining the reporting entity. The Authority has no component units.

b. Basis of Accounting And Presentation

The accounting records of the Authority are maintained and reported in accordance with methods prescribed by the State Auditor under the authority of Chapter 43.09 RCW and the Federal Department of Housing and Urban Development. The authority must report using GAAP; however, it has the option to use either the single enterprise proprietary fund or special purpose governmental fund model.

The Authority has elected to report as a single-enterprise proprietary fund and uses the accrual basis of accounting. The measurement focus is on the flow of economic resources. The proprietary fund is composed of a number of programs over a three-county area which includes Cowlitz County, Pacific County and Wahkiakum County. These include Housing and Urban Development programs and Department of Agriculture, Rural Housing, programs. The Authority also

**HOUSING AUTHORITY OF THE CITY OF LONGVIEW**

Notes to the Financial Statements

For the Year Ended September 30, 2005

administers housing programs funded by the State and by the Longview-Kelso Consortium, some of which are indirectly funded by the federal government. Several apartment complexes have been purchased using Housing Revenue Bonds and are also owned and managed by the Authority for the purpose of providing affordable housing stock in our community.

Proprietary funds are used to account for activities that are operated in a manner similar to private enterprise business. Under this method revenues are recognized when earned and expenses are recognized when incurred. Capital asset purchases are capitalized and long term liabilities are accounted for in the fund.

The Authority applies GASB pronouncements and has not elected to apply Financial Accounting Standard Board (FASB) statements and Accounting Principles Board (APB) pronouncements issued after November 30, 1989.

c. Cash And Cash Equivalents

“Cash and cash equivalents” are considered to be cash on hand and demand deposits. For the purposes of the Statement of Net Assets and the Statement of Cash Flows, the Authority considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased, or available on demand, to be cash equivalents. The following is a reconciliation of the beginning and ending Cash and Cash Equivalents balances from the Statement of Cash Flows to the corresponding Balance Sheet:

Title on Statement Of Net Assets	9/30/05 Balance	9/30/04 Balance
Cash & cash equivalents	\$346,775	\$171,488
<u>Classified as Restricted Assets:</u>		
Cash- client deposits	162,405	169,693
Cash- restricted replacements	142,826	151,629
Cash- loan proceeds	---	26,101
Cash- revenue bond covenant accts	<u>1,197,209</u>	<u>1,187,931</u>
Totals	\$ 1,849,215	\$ 1,706,842
Ending Cash		\$1,849,215
Beginning Cash		( <u>\$1,706,842</u> )
Net change in cash		<u>\$ 142,373</u>



**HOUSING AUTHORITY OF THE CITY OF LONGVIEW**  
Notes to the Financial Statements  
For the Year Ended September 30, 2005

d. Receivables

Receivables consist of amounts owed from private individuals or organizations for goods and services including amounts owed for which billings have not been prepared. An estimate of uncollectible accounts is made monthly and subject to approval of the board of commissioners expensed at the end of each month. The change in the Allowance is determined at the end of the year by evaluating the facts and circumstances of each account included in accounts receivable. On the financial statements, the receivables are presented in a net format after deducting the current Allowance amount.

e. Inventories

The "Inventories" account includes any material dollar amount of rental property components on hand and not installed at a particular property as of the date of the balance sheet. Generally, components are ordered as needed for specific repairs and not maintained as inventory. Inventory is valued at cost.

f. Restricted Assets

In accordance with bond resolutions and federal contracts (and certain related agreements) separate restricted accounts are required to be established. The assets held in these accounts are restricted for specific uses, including debt service, maintenance of assets and other special reserve requirements. As titled in the Balance Sheet, restricted resources currently include the following:

"Cash - client deposits" includes Family Self-Sufficiency (FSS) escrow accounts in the amount of \$162,405. The FSS program, a sub-program of the Section 8 Housing Choice Voucher program, includes a component wherein the Authority is required to set-aside (escrow) amounts that HUD pays on behalf of participants. These monies are held in an interest-bearing account and disbursed to clients as required by HUD regulations and local policies. Also included are security deposits paid by renters and earnest monies paid by participants in our homeownership programs.

"Cash - restricted replacement accounts" and "Invested restricted replacement accounts" includes monies that are set-aside annually per loan agreements with the Department of Agriculture (Rural Development) in the amount of \$246,818. These monies can be used for improvements or extraordinary repairs, or for temporary shortfalls in operating funds of

## HOUSING AUTHORITY OF THE CITY OF LONGVIEW

Notes to the Financial Statements  
For the Year Ended September 30, 2005

the project, only with the prior approval of the Department of Agriculture. Some of these monies are in more liquid cash equivalents, while some is invested longer term and shown under the "Invested replacements" title.

"Cash - loan proceeds" were monies loaned by USDA in the form of equity loans on Tulip Valley Apartments. The unspent proceeds balance at 9/30/04 was restricted for capital work at the Tulip Valley property and used in fiscal year 2005.

"Assets - held for sale" are single family homes purchased by the Authority in the amount of \$282,531. These homes are purchased and renovated for sale to low income families.

Bond covenants entered into by the Housing Authority require portions of the debt proceeds as well as other resources to be set aside for various purposes. These amounts, \$1,197,209, are reported in "Cash- bond covenant accounts".

The "Payables from restricted assets" group of accounts presents the current liabilities accrued and payable from the "Restricted cash and equivalents" group of assets. At 9/30/2005 this balance was \$819,171.

g. Noncurrent assets

"Note receivable- intergovernmental" included a note owed by the City of Longview pursuant to an agreement related to a capital improvement jointly performed on the Columbia Theatre building. The principal amount owing under this note was paid in full during fiscal year 2005.

"Deferred charges" This line includes the remaining costs of issuance of revenue bonds net of amortization. These amounts are amortized over the life of the issue using the straight-line method (see note 7).

h. Capital Assets

The cost of normal maintenance and repairs, which do not add to the value of the asset or materially extend an asset's life, is not capitalized. A purchase of equipment or a building improvement costing \$3,000 or more, which is not deemed a repair, is recorded at historical cost and depreciated over its expected life.

**HOUSING AUTHORITY OF THE CITY OF LONGVIEW**  
Notes to the Financial Statements  
For the Year Ended September 30, 2005

Property, plant and equipment donated or sold at a bargain discounted price to the Authority is recorded at the fair market value determined at the date of donation.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest expense incurred during the construction phase is reflected in the capitalized value of the asset constructed.

Property, plant, residential buildings, and equipment are depreciated using the straight-line method, generally over the following estimated useful lives:

<u>Asset Categories</u>	<u>Years</u>
Buildings	40
Building improvements	15
Site improvements, sidewalks, paving, etc.	20
Vehicles-autos & light trucks	5
Office equipment-non computer	6
Computer & telecommunications equipment	5
Office furnishings	10
Other equipment, carpets, appliances	12

i. Investments

Investments are stated at cost, which approximates fair market value. For various risks related to the investments see Note 3 – Deposits and Investments.

j. Operating Revenues and Expenses

The authority reports operating revenues as defined in GASB Statement No. 9. Operating revenues result from fees and charges from providing services in connection with the ongoing operations of providing low income housing. Operating subsidies and grants are reported as non-operating revenues and are presented as cash flows from non-capital financing activities in the statement of cash flows. Operating expenses are those expenses that are directly incurred in the operation of providing low income housing.

k. Compensated Absences

Compensated absences are absences for which employees will be paid, such as vacation leave. The authority records unpaid leave for compensated absences as an expense and liability at year end if the compensation is guaranteed by the Authority's policy. Vacation pay, which cannot be carried over past the

## HOUSING AUTHORITY OF THE CITY OF LONGVIEW

Notes to the Financial Statements  
For the Year Ended September 30, 2005

employee's anniversary date, is payable upon resignation, retirement or death. Sick leave may be carried over the years, but can only be taken for medical-related absences. Upon resignation, retirement or death sick leave is lost.

### I. Revenue Bonds Payable

"Revenue bonds payable-current portion" includes all redemption amounts owed to bond holders within one year from the date of the statement. Bonds are also reported herein net of premium or discount; annual interest expense is increased by the amortization of the discount. Unamortized discounts are reported as an adjustment to the bonds payable reported on the balance sheet (see note 7).

As prescribed by GASB Statement No. 23, *Accounting and Financial Reporting for Refundings of Debt Reported by Proprietary Activities*, the difference between the carrying amount of redeemed defeased debt in a refunding transaction, and its reacquisition price, is deferred and amortized over the shorter of: 1) the life of the refunded debt, or, 2) the life of the refunding debt. During the period of amortization, the balance of this difference is also reported as a direct reduction of (or addition to) the amount of refunding debt reported on the balance sheet. Amortization expense includes the amortized refunding loss and the annual amortization amount of the debt issuance costs.

### **Note 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

State law requires that the Authority maintain occupancy at specified percentages of low income families. State law also requires the Authority to deposit all of its funds with banking institutions in accordance with the terms of the State of Washington Public Deposit Protection Act.

The Authority is in compliance with state law with respect to the percentage of low income families served and the Authority makes all investments pursuant to the requirements of Washington State law in Chapter 39.58 RCW and the investment policies it has adopted.

### **Note 3 – DEPOSITS AND INVESTMENTS**

#### a. Deposits

The Authority's deposits and certificates of deposit are entirely covered by the Federal Depository Insurance Commission (FDIC) or by collateral held in a multiple financial institution collateral pool administered by the Washington

**HOUSING AUTHORITY OF THE CITY OF LONGVIEW**  
Notes to the Financial Statements  
For the Year Ended September 30, 2005

Public Deposit Protection Commission (PDPC).

b. Investments

Available excess cash or demand deposits of the Authority are invested in accordance with RCW 35.82.070(6) and the Authority's policies. It is the policy of the Authority, when making deposits or investing in bank market rate savings, money market funds, or certificates of deposit, to use banks which are qualified public depositories as designated by the Washington Public Deposit Protection Commission (WPDPC) pursuant to RCW 39.58. The WPDPC is a risk sharing pool whereby member banks that are designated as "qualified public depositories", mutually insure public deposits against loss. As a result, the FDIC or WPDPC insures all demand deposits and bank balances of the Authority against loss.

Investments consist of deposits with qualified public depositories, obligations of the U.S. Treasury and agencies, banker's acceptances, commercial paper, and repurchase agreements. All restricted cash and investments held in bond trust accounts are invested in accordance with the provisions of the various trust indentures. Certain investments may meet the criteria of cash and cash equivalents, but are treated as investments by the Authority because of their intended long term use.

All investments amounts are recorded at fair value. Investments included in the financial statements of the Authority as of September 30, 2005 and 2004 respectively consist of the following:

Asset Classification on Financial Statements	2005		2006	
Invested restricted replacement accounts	\$	103,992	\$	102,405
Cash- bond covenant accts		1,197,209		1,187,931
	\$	1,301,201	\$	1,290,336

All investments are insured or registered or are securities held by the Authority or the Authority's agent. U.S. Government treasury and agency securities with maturities exceeding three months at time of purchase are reported at fair value on the balance sheet and the net increase or decrease in fair value of those investments is reported as part of the investment income.

**HOUSING AUTHORITY OF THE CITY OF LONGVIEW**

Notes to the Financial Statements  
For the Year Ended September 30, 2005

The Authority held the following investments as of the year ended September 30, 2005:

<u>Investments</u>		<u>Value</u>
Certificate of Deposit	\$	41,682
U.S. Treasuries		1,259,519
	\$	<u>1,301,201</u>

Interest Rate Risk – The Authority’s investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk – As noted above, state law limits the types of investments that can be made by the Authority to those identified in RCW 35.82.070(6).

Concentration of Credit Risk – The Authority places no limit on the amount that can be invested in any one investment.

**Note 4 – CAPITAL ASSETS**

Major expenses (\$3,000 or more and a useful life of one year or more) for capital assets, including capital leases, and major repairs that increase useful lives are capitalized. Maintenance, repairs, and minor renewals are accounted for as expenses when incurred.

All capital assets are valued at historical cost or estimated historical cost, where historical cost is not known/or estimated market value for donated assets. Donations by developers and customers are recorded at the fair market value or appraisal value. Construction in progress is decreased when the construction is completed and the asset is placed in service. The decrease is equal to the increase in the class of assets that have been constructed.

The Housing Authority has acquired certain assets with funding provided by federal financial assistance programs. Depending on the terms of the agreements involved, the federal government could retain an equity interest in these assets. However, the Housing Authority has sufficient legal interest to accomplish the purposes for which the assets were acquired.

**HOUSING AUTHORITY OF THE CITY OF LONGVIEW**  
Notes to the Financial Statements  
For the Year Ended September 30, 2005

Capital asset activity for the year ended September 30, 2005 was as follows:

	Beginning Balance 10/01/04	Increase	Decrease	Ending Balance 9/30/05
Capital assets not being depreciated:				
Land	\$1,114,598	\$0	\$0	\$1,114,598
Construction in progress	1,164	-	1,164	-
Total capital assets not being depreciated	1,115,762	-	1,164	1,114,598
Capital assets being depreciated:				
Buildings/improvements	14,265,212	56,462	-	14,321,674
Land improvements	375,321	-	-	375,321
Equipment & vehicles	166,626	-	7,703	158,923
Furniture/fixtures	19,925	-	-	19,925
Total capital assets being depreciated	14,827,084	56,462	7,703	14,875,843
Less total accumulated depreciation	(2,860,285)	(410,126)	-	(3,270,411)
Total capital assets being depreciated, net	11,966,799	(353,664)	7,703	11,605,432
<b>TOTAL CAPITAL ASSETS, NET</b>	<b>\$ 13,082,561</b>	<b>\$ (353,664)</b>	<b>\$ 8,867</b>	<b>\$ 12,720,030</b>

**Note 5 – CONSTRUCTION IN PROGRESS**

There was no construction in progress at the end of fiscal year 2005.

**Note 6 – LEASE COMMITMENTS**

a. Operating Lease(s)

The Authority is committed under various leases for use of copiers and postage equipment. These leases are considered operating leases for accounting purposes. Lease expenses for the year ended September 30, 2005 amounted to \$5,465.

Future minimum rental commitments for these leases are as follows:

Fiscal Year Ended	
2006	\$ 2,280.00
2007	1,596.00
2008	1,596.00
Total	<u>\$ 5,472.00</u>

b. Capital Lease(s)

The Authority has not entered into any lease agreements which qualify as capital leases for accounting purposes.

## HOUSING AUTHORITY OF THE CITY OF LONGVIEW

Notes to the Financial Statements  
For the Year Ended September 30, 2005

### Note 6 - PAYABLES FROM RESTRICTED ASSETS

“Client deposits payable” includes security deposits held pursuant to residential rental agreements. They are included, while not all will be payable in current period, because they are payable from the “Cash- client deposits” account listed under restricted assets.

In the Voucher program, “Client deposits payable” includes Family Self-Sufficiency (FSS) deposits held in escrow for tenants who complete that program. If they fail to complete or withdraw from the program, their deposit is refunded to HUD through the year-end settlement process. These deposits are payable from restricted assets also. At the end of the current year there was also \$3,000 in earnest money deposits included on this line which was received from participants in a new homeownership program.

“Bond interest payable” and “Revenue bonds payable- current” include accrued bond debt service amounts, held by trustee, until the next bond payment date. These amounts are payable from cash held on bond covenant accounts.

### Note 7 - LONG TERM DEBT AND LIABILITIES

#### Long-Term Debt

a. Revenue Bonds:

The Authority issues revenue bonds to finance the acquisition or construction of low-income housing units. Bonded indebtedness has also been entered into (currently and in prior years) to advance refund several revenue bond issues. The revenue bonds are being repaid by the Authority’s revenues.

On the refunding issues (Stratford 1996 and Pooled 1998), the earlier issues are legally defeased. Losses resulting from an advance refunding are carried on the balance sheet as an adjustment to the amount of the refunding debt, amortized over the shorter of the remaining life of the original issue or the life of the new issue. The remaining balance of the refunding loss was fully amortized in prior years.

Governmental GAAP for Proprietary Funds requires that Original Issue Discount (OID) be carried as an adjustment to the bond debt owing and amortized over the life of the bonds, which is 30 years. The amount amortized each year is added to interest expense. The unamortized bond discount amounts as of 9/30/05 were as



**HOUSING AUTHORITY OF THE CITY OF LONGVIEW**  
Notes to the Financial Statements  
For the Year Ended September 30, 2005

follows:

Project	Balance 9/30/05 of Bond Discount	FY2005 Amortization
OID- Stratford 1996 Issue	\$ 14,333.00	\$ 696.00
OID- Pooled 1998 Issue	\$ 119,079.00	\$ 5,177.00

The revenue bonds currently outstanding are as follows:

Purpose	Original Amount	Issue Date	Interest Rate	Amount Outstanding
Acquire Hawthorne House Apartments	\$940,000	12-Oct-95	7.50%	\$805,000
Stratford Apts Refunding Advance Refund Stratford Apartments 1990 Bond Issue & Fund Improvements and a debt service reserve	530,000	1-May-96	6.00% to 6.60%	460,000
Pooled 1998 Issue/Refunding to: Acquire Mint Place Apartments & Advance Refund Blackstone 1992 Issue and 1994 Woodside West and Columbia Theatre Issue & fund improvements and a debt service reserve	9,090,000	1-Oct-98	5.13%	8,135,000
<b>Total</b>	<b>\$ 10,560,000</b>			<b>\$ 9,400,000</b>

Total revenue bond debt service requirements to maturity are as follows:

Year Ending 9/30/XX	Principal	Interest	Total Required Debt Service
2006	210,000	507,986	717,986
2007	215,000	497,298	712,298
2008	225,000	485,978	710,978
2009	245,000	473,443	718,443
2010	255,000	459,648	714,648
2015	1,490,000	2,065,450	3,555,450
2020	1,950,000	1,578,480	3,528,480
2025	2,555,000	939,745	3,494,745
2030	2,255,000	188,225	2,443,225

There is \$1,197,209 in bond covenant accounts shown under restricted assets of the Authority. These represent debt service funds and reserve requirements as

## HOUSING AUTHORITY OF THE CITY OF LONGVIEW

Notes to the Financial Statements  
For the Year Ended September 30, 2005

contained in the various indentures.

b. Real Estate Mortgages

The Authority has long term loans secured by capital assets. These loans were used to acquire capital assets that provide low income housing. In addition, in fiscal year 2003 the Authority entered into a loan to renovate office space and the 1201 commercial rental space. This loan is not secured against any real property. Loans and notes are being repaid from revenues generated by the Authority.

Purpose	Original Amount	Issue Date	Interest Rate	Amount Outstanding
Unsecured loan to renovate office space and 1201 Commerce commercial space	\$285,000	24-Oct-02	6.50%	\$266,239
Purchase Hemlock 4-Plex, Longview	\$85,500	6-Apr-01	8.25%	\$81,949
Refinance 215-20th, Harmony House Shared Housing in Longview	\$35,000	21-Aug-98	8.00%	\$22,451
Acquire land and construct 17 units of Elderly Low-Income Housing in Cathlamet (CTED-HOME Loan)	\$850,500	11-Aug-98	1%; repayment deferred	\$850,500
Acquire land and construct 17 units of Senior Low-Income Housing in Cathlamet	\$250,000	30-Apr-98	2.00%	\$152,459
Acquire land and construct 17 units of Senior Low-Income Housing in Cathlamet	\$199,500	3-Apr-98	6.50%	\$182,388
Purchase 61 units of Elderly/Disabled Rental Housing subsidized by USDA 515 loan	\$1,438,736	12-Oct-95	After subsidy, 1%	\$1,355,524
Purchase 39 units of Family Rental Housing subsidized by USDA 515 loan- borrowed an additional \$360,000 in 2002 to rehab property	\$1,238,636	1-Aug-95	After subsidy, 1%	\$1,111,668
Finance leasehold improvements in historic Columbia Theatre Apartments with 50 year discounted lease through City of Longview (CTED-HOME Loan)	\$1,503,567	9-Jan-94	1%; repayment deferred	\$1,503,567
<b>Totals-</b>	<b>\$5,886,439</b>			<b>\$5,526,746</b>

The Authority is liable for notes that were entered into for the purchase of several of the residential real properties. USDA note repayments included in the

**HOUSING AUTHORITY OF THE CITY OF LONGVIEW**

Notes to the Financial Statements  
For the Year Ended September 30, 2005

following schedule of all mortgage payments are the debt payment amounts net of the interest credit subsidy committed by USDA to these projects.

Annual debt service requirements to maturity for mortgages are as follows:

Year Ending 9/30/XX	Principal	Interest	Total Required Debt Service
2006	70,593	229,476	300,069
2007	75,106	224,962	300,069
2008	94,537	220,015	314,552
2009	82,083	213,850	295,933
2010	155,710	223,544	379,254
2015	884,525	1,061,148	1,945,673
2020	1,029,171	842,604	1,871,775
2025	1,087,219	586,283	1,673,502
2030	989,273	338,844	1,328,117
2035	638,184	129,465	767,648
2040	160,106	21,243	181,349
2045	160,052	11,827	171,878
2050	100,227	2,403	102,630

c. Changes in Long-Term Liabilities

During the year ended September 30, 2005, the following changes occurred in long-term liabilities:

	Beginning Balance 10/1/2004	Additions	Reductions	Ending Balance 9/30/2005	Due Within One Year
Bonds payable: Revenue Bonds	\$ 9,600,000	\$ -	\$ 200,000	\$ 9,400,000	\$ 210,000
Less Deferred Amounts: For issuance discounts on refunding	(139,286)	-	(5,873)	(133,413)	
<b>Total bonds payable:</b>	<b>9,460,714</b>	<b>-</b>	<b>194,127</b>	<b>9,266,587</b>	<b>210,000</b>
Mortgages payable:	5,314,857	-	54,350	5,260,507	63,314
Unsecured notes payable:	278,232	-	11,993	266,239	13,162
<b>Total long-term liabilities</b>	<b>\$ 15,053,803</b>	<b>\$ -</b>	<b>\$ 260,470</b>	<b>\$ 14,793,333</b>	<b>\$ 286,476</b>

d. Arbitrage

The Authority periodically monitors for the existence of any rebatable arbitrage interest associated with its tax-exempt debt. The rebate is based on the difference between the interest earnings from the investment of bond proceeds and the interest expense associated with the debt. As of September 30, 2005 the Authority estimates that no

## HOUSING AUTHORITY OF THE CITY OF LONGVIEW

Notes to the Financial Statements  
For the Year Ended September 30, 2005

arbitrage rebate exists and that no liability exists.

### Note 8 - PENSION PLANS

Substantially all housing authority full-time and qualifying part-time employees participate in one of the following statewide retirement systems administered by the Washington State Department of Retirement Systems, under cost-sharing multiple-employer public employee defined benefit and defined contribution retirement plans. The 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 98504-8380. The following disclosures are made pursuant to GASB Statement No. 27, *Accounting for Pensions by State and Local Government Employers*.

#### Public Employees' Retirement System (PERS) Plans 1, 2 and 3

##### Plan Description

PERS is a cost-sharing multiple-employer retirement system comprised of three separate plans for membership purposes: Plans 1 and 2 are defined benefit plans and Plan 3 is a combination defined benefit/defined contribution plan. Membership in the system includes: elected officials; state employees; employees of the Supreme, Appeals, and Superior courts (other than judges currently in a judicial retirement system); employees of legislative committees; community and technical colleges, college and university employees (not in national higher education retirement programs); judges of district and municipal courts; and employees of local governments. PERS participants who joined the system by September 30, 1977, are Plan 1 members. Those who joined on or after October 1, 1977 and by August 31, 2002 for local government employees, are Plan 2 members unless they exercise an option to transfer their membership to Plan 3. PERS participants joining the system on or after September 1, 2002 for local government employees have the irrevocable option of choosing membership in either PERS Plan 2 or PERS Plan 3. The option must be exercised within 90 days of employment. An employee is reported in Plan 2 until a choice is made. Employees who fail to choose within 90 days default to PERS Plan 3. PERS defined benefit retirement benefits are financed from a combination of investment earnings and employer and employee contributions. PERS retirement benefit provisions are established in state statute and may be amended only by the State Legislature.

Plan 1 retirement benefits are vested after an employee completes five years of eligible service. Plan 1 members are eligible for retirement at any age after 30 years of service, or at the age of 60 with five years of service, or at the age of 55 with 25 years of service. The annual pension is 2 percent of the average final compensation per year of service, capped at 60 percent. The average final compensation is based on the greatest compensation during

## HOUSING AUTHORITY OF THE CITY OF LONGVIEW

### Notes to the Financial Statements For the Year Ended September 30, 2005

any 24 eligible consecutive compensation months. If qualified, after reaching the age of 66 a cost-of-living allowance is granted based on years of service credit and is capped at 3 percent annually.

Plan 2 retirement benefits are vested after an employee completes five years of eligible service. Plan 2 members may retire at the age of 65 with five years of service, or at the age of 55 with 20 years of service, with an allowance of 2 percent of the average final compensation per year of service. The average final compensation is based on the greatest compensation during any eligible consecutive 60-month period. Plan 2 retirements prior to the age of 65 receive reduced benefits. If retirement is at age 55 or older with at least 30 years of service, a 3 percent per year reduction applies; otherwise an actuarial reduction will apply. There is no cap on years of service credit; and a cost-of-living allowance is granted (indexed to the Seattle Consumer Price Index), capped at 3 percent annually.

Plan 3 has a dual benefit structure. Employer contributions finance a defined benefit component, and member contributions finance a defined contribution component. The defined benefit portion provides a benefit calculated at 1 percent of the average final compensation per year of service. The average final compensation is based on the greatest compensation during any eligible consecutive 60-month period. Plan 3 members become eligible for retirement if they have: at least ten years of service; or five years including twelve months that were earned after age 54; or five service credit years earned in PERS Plan 2 prior to June 1, 2003. Plan 3 retirements prior to the age of 65 receive reduced benefits. If retirement is at age 55 or older with at least 30 years of service, a 3 percent per year reduction applies; otherwise an actuarial reduction will apply. There is no cap on years of service credit; and Plan 3 provides the same cost-of-living allowance as Plan 2. The defined contribution portion can be distributed in accordance with an option selected by the member, either as a lump sum or pursuant to other options authorized by the Employee Retirement Benefits Board.

There are 1,169 participating employers in PERS. Membership in PERS consisted of the following as of the latest actuarial valuation date for the plans of September 30, 2004:

Retirees and Beneficiaries Receiving Benefits	66,864
Terminated Plan Members Entitled to But Not Yet Receiving Benefits	21,031
Active Plan Members Vested	103,039
Active Plan Members Nonvested	53,217
<b>Total</b>	<b>244,183</b>

#### Funding Policy

Each biennium, the state Pension Funding Council adopts Plan 1 employer contribution rates, Plan 2 employer and employee contribution rates, and Plan 3 employer contribution rates. Employee contribution rates for Plan 1 are established by statute at 6 percent for state agencies and local government unit employees, and 7.5 percent for state government elected

**HOUSING AUTHORITY OF THE CITY OF LONGVIEW**

Notes to the Financial Statements  
For the Year Ended September 30, 2005

officers. The employer and employee contribution rates for Plan 2 and the employer contribution rate for Plan 3 are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. All employers are required to contribute at the level established by the Legislature. PERS Plan 3 defined contribution is a non-contributing plan for employers. Employees who participate in the defined contribution portion of PERS Plan 3 do not contribute to the defined benefit portion of PERS Plan 3. The Employee Retirement Benefits Board sets Plan 3 employee contribution rates. Six rate options are available ranging from 5 to 15 percent; two of the options are graduated rates dependent on the employee's age. The methods used to determine the contribution requirements are established under state statute in accordance with chapters 41.40 and 41.45 RCW.

The required contribution rates expressed as a percentage of current-year covered payroll, as of December 31, 2005, were as follows:

	PERS Plan 1	PERS Plan 2	PERS Plan 3
Employer*	2.44%	2.44%	2.44%**
Employee	6.00%	1.18%	***

\* The employer rates include the employer administrative expense fee currently set at 0.19%.

\*\* Plan 3 defined benefit portion only.

\*\*\* Variable from 5.0% minimum to 15.0% maximum based on rate selected by the PERS 3 member.

Both the Authority and the employees made the required contributions. The Authority's required contributions for the years ending September 30th were as follows:

	PERS Plan 1	PERS Plan 2	PERS Plan 3
2005	\$ 656	\$ 9,371	\$ 1,979
2004	\$ 523	\$ 7,995	\$ 2,091
2003	\$ 485	\$ 7,364	\$ 1,987

**Note 9 – DEFICIT RETAINED EARNINGS**

The Authority is showing a deficit in the retained earnings account. Deficit retained earnings have occurred because of significant amounts of depreciation expense, associated with depreciating buildings, which reduce net income from operations each year. While depreciation is mandated under GAAP, the amount of depreciation does not necessarily reflect the actual economic cost of aging of the Authority's real property. It occurs in the programs that involve ownership of real estate, which include the Local Agency programs, the Hawthorne program and the Tulip Valley program. The Retained

**HOUSING AUTHORITY OF THE CITY OF LONGVIEW**

Notes to the Financial Statements

For the Year Ended September 30, 2005

Earnings balances, by Program, and the Depreciation expense for fiscal years 2005 and 2004, are as follows:

	Agency	Vouch	Rural Housing	Totals
Net Assets per Statements	\$(640,970)	\$79,603	\$69,442	\$(491,925)
Depreciation expense for 2005:	\$315,717	\$7,446	\$94,666	\$417,829
Depreciation expense for 2004:	\$311,588	\$8,991	\$88,772	\$409,351

**Note 10 - CONTINGENCIES AND LITIGATION**

The Housing Authority has recorded in its Financial Statements all material liabilities. This includes an estimate for situations, if any, which are not yet resolved but where, based on available information, management believes it is probable that the Housing Authority will have to make payment. In the opinion of management, the Authority's insurance policies are adequate to pay all known or pending claims.

The Housing Authority participates in a number of federal and state assisted programs. These grants are also subject to audit by the grantors or their representatives. Such audits could result in requests for reimbursement from our Authority for expenditures disallowed under the terms of the grants. Housing Authority management believes that losses attributable to such disallowance, if any, will be immaterial.

**Note 11 – SUBSEQUENT EVENTS**

In its preservation program the Authority has purchased two apartment buildings. The first purchase was for a 16 unit senior housing complex in Kalama, Washington. The second purchase was for a 35 unit senior housing complex in Castle Rock, Washington.. The properties are subsidized through the USDA Rural Development 515 program so that a tenant's rent is limited to 30% of their income with Rural Development making up the balance needed to pay operating expenses.

**Note 12 – RISK MANAGEMENT**

The Authority is a member of the Housing Authorities Risk Retention Pool (HARRP).

Utilizing Chapter 48.62 RCW (self-insurance regulation) and Chapter 39.34 RCW (Inter local Cooperation Act), fifty-five public housing authorities in the states of Washington, Oregon and California originally formed HARRP in March 1987. HARRP was created for the purposes of providing a pooling mechanism for jointly purchasing insurance,

## HOUSING AUTHORITY OF THE CITY OF LONGVIEW

Notes to the Financial Statements  
For the Year Ended September 30, 2005

jointly self insuring, and/or jointly contracting for risk management services. HARRP currently has a total of ninety-three members, of which thirty-seven are Washington entities.

New members originally contract for a three year term, and thereafter automatically renew on an annual basis. Members may quit (after completion of the three year commitment) upon giving notice to HARRP prior to their renewal date. HARRP can terminate the members after giving a sixty (60) day notice prior to the renewal date. Termination does not relieve a former member from its unresolved losses incurred during membership.

General and Automobile Liability coverages are written on an occurrence basis, without member deductibles. Errors & Omissions coverage (which includes Employment Practices Liability) is written on a claims made basis, and the members are responsible for 10% of the incurred costs of the claims. (Due to special underwriting circumstances, some members may be subject to a greater E&O co-payment.) The Property coverage offered by HARRP is on a replacement cost basis with deductibles ranging from \$1,000 to \$25,000. Fidelity coverage, with limits of \$100,000 (with options up to \$500,000) for employee dishonesty and forgery or alteration and \$10,000 for theft are also provided with deductibles the same as for Property.

Coverage limits for General Liability, Errors & Omissions and Property are \$3,000,000 per occurrence and \$3,000,000 annual aggregate. (Some members have chosen greater Property limits for higher valued properties.) Limits for Automobile Liability are \$2,000,000/\$2,000,000. HARRP self insures \$300,000 per claim, purchases reinsurance for the remaining casualty limits and for \$1,700,000 of the Property limits. The remaining property limits are purchases from Saint Paul Travelers Insurance Company. The HARRP Board of Directors determines the limits and coverage terms, in its sole discretion.

HARRP provides loss control services, claim investigation and adjusting, litigation management and defense with in-house staff and retained third party contractors.

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



**Housing Authority of the City of Longview**  
 Schedule of Expenditures of Federal Awards  
 For the Year Ended September 30, 2005

Grantor/ Pass-Through Grantor Program Title	CFDA Number	Other Identification Number	Direct Federal Expenditures	In-Direct Federal Expenditures	Total Federal Expenditures
<i>Department of Housing &amp; Urban Development:</i>					
SEC. 8 Housing Choice Vouchers	14.871	WA007VO	\$5,569,034	\$0	\$5,569,034
SEC. 8 Moderate Rehabilitation	14.856	WA007MR0001	74,029	0	74,029
Housing Opportunities for People With AIDS (HOPWA)	14.241	03-42803-007	0	6,789	6,789
Homeownership Counseling Assistance Program	14.169		0	36,202	36,202
HOME Tenant-based Rental Assistance: Longview-Kelso Consortium	14.239	2001EN/2004EN	0	67,657	67,657
Multifamily Housing Service Coordinators	14.191	WA19HS0004	0	55,447	55,447
<i>Total DEPARTMENT OF HOUSING &amp; URBAN DEVELOPMENT</i>			5,643,063	166,095	5,809,158
<i>Department of Agriculture:</i>					
Rural Rental Housing Loans- Tulip Valley	10.415	56-15-911012000-016	64,389	0	64,389
Rural Rental Housing Loans- Hawthorne House	10.415	56-51-911012000-028	71,014	0	71,014
<i>Total CFDA 10.415</i>			135,403	0	135,403
Rural Rental Assistance Payments- Tulip Valley	10.427	56-15-911012000-016	131,229	0	131,229
Rural Rental Assistance Payments- Hawthorne House	10.427	56-51-911012000-028	193,921	0	193,921
<i>Total CFDA 10.427</i>			325,150	0	325,150
<i>Total DEPARTMENT OF AGRICULTURE</i>			460,553		460,553
 <i>TOTAL FEDERAL ASSISTANCE</i>			 \$6,103,616	 \$166,095	 \$6,269,711

The Accompanying notes to the Schedule of Expenditures of Federal Awards are an Integral Part of this Schedule

**HOUSING AUTHORITY OF THE CITY OF LONGVIEW**  
Notes to the Schedule of Expenditures of Federal Awards  
For the Year Ended September 30, 2005

**Note 1 - BASIS OF ACCOUNTING**

This schedule is prepared on the same basis of accounting as the Housing Authority of the City of Longview's (Authority) financial statements. The Authority uses the accrual basis of accounting.

**Note 2 - PROGRAM COSTS**

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

**Note 3 - FEDERAL LOANS**

The Authority was approved by US Department of Agriculture to receive loans totaling \$2,467,212 to renovate low income housing. The amount listed includes loan proceeds received during the year and the outstanding loan balance from prior years.

Housing Authority of the City of Longview  
Financial Data Schedule  
For the year ended 09/30/2005

Line Item No.	Account Description	Business Activities	Rural Housing Loans	Rural Rental Assistance Payments	Housing Counseling Assistance Program	Multifamily Housing Service Coordinators	HOME Investment Partnerships Program	Housing Opportunities for Persons with AIDS	Lower Income Housing Assistance Program, Section 8 Moderate Rehabilit	Housing Choice Vouchers	Total
111	Cash - Unrestricted	\$210,609	\$0	\$35,210	\$0	\$0	\$0	\$0	\$2,748	\$98,209	\$346,776
113	Cash - Other Restricted	\$0	\$0	\$144,668	\$0	\$0	\$0	\$0	\$0	\$78,350	\$223,008
114	Cash - Tenant Security Deposits	\$63,540	\$0	\$20,515	\$0	\$0	\$0	\$0	\$0	\$0	\$84,055
100	Total Cash	\$274,149	\$0	\$200,393	\$0	\$0	\$0	\$0	\$2,748	\$176,559	\$653,639
121	Accounts Receivable - PHA Projects	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$996	\$996
122	Accounts Receivable - HUD Other Projects	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,105	\$0	\$1,105
124	Accounts Receivable - Other Government	\$42,766	\$0	\$26,698	\$0	\$0	\$38,067	\$2,117	\$0	\$1,558	\$111,406
125	Accounts Receivable - Miscellaneous	\$6,966	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$491	\$7,457
126	Accounts Receivable - Tenants - Dwelling Rents	\$13,856	\$0	\$1,997	\$0	\$0	\$0	\$0	\$0	\$0	\$15,853
126.1	Allowance for Doubtful Accounts - Dwelling Rents	(\$4,515)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$4,515)
126.2	Allowance for Doubtful Accounts - Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
128	Fraud Recovery	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$10,339	\$10,339
128.1	Allowance for Doubtful Accounts - Fraud	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$5,042)	(\$5,042)
120	Total Receivables, net of allowances for doubtful accounts	\$59,073	\$0	\$28,695	\$0	\$0	\$38,067	\$2,117	\$1,105	\$8,342	\$137,599
135	Investments - Restricted for Payment of Current Liabilities	\$412,424	\$0	\$46,586	\$0	\$0	\$0	\$0	\$0	\$0	\$459,010
132	Investments Restricted	\$665,035	\$0	\$175,324	\$0	\$0	\$0	\$0	\$0	\$0	\$840,359
142	Prepaid Expenses and Other Assets	\$2,849	\$0	\$875	\$0	\$0	\$0	\$0	\$17	\$1,505	\$5,247
143	Inventories	\$345	\$0	\$257	\$0	\$0	\$0	\$0	\$0	\$0	\$602
143.1	Allowance for Obsolete Inventories	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
145	Assets Held for Sale	\$253,011	\$0	\$0	\$0	\$0	\$29,520	\$0	\$0	\$0	\$282,531
150	Total Current Assets	\$1,666,886	\$0	\$452,321	\$0	\$0	\$67,587	\$2,117	\$3,870	\$186,406	\$2,379,187
161	Land	\$1,014,252	\$0	\$98,488	\$0	\$0	\$0	\$0	\$0	\$0	\$1,112,740
162	Buildings	\$8,375,343	\$0	\$3,316,093	\$0	\$0	\$0	\$0	\$0	\$0	\$11,691,436
163	Furniture, Equipment & Machinery - Dwellings	\$14,301	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$14,301
164	Furniture, Equipment & Machinery - Administration	\$118,525	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$45,027	\$163,552
165	Leasehold Improvements	\$2,708,413	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,708,413
166	Accumulated Depreciation	(\$2,459,217)	\$0	(\$791,809)	\$0	\$0	\$0	\$0	\$0	(\$19,385)	(\$3,270,411)
160	Total Fixed Assets, Net of Accumulated Depreciation	\$9,771,617	\$0	\$2,922,772	\$0	\$0	\$0	\$0	\$0	\$25,642	\$12,720,031
174	Other Assets	\$151,442	\$0	\$25,639	\$0	\$0	\$0	\$0	\$0	\$0	\$177,081
180	Total Non-Current Assets	\$9,923,059	\$0	\$2,948,411	\$0	\$0	\$0	\$0	\$0	\$25,642	\$12,897,112
190	Total Assets	\$11,589,945	\$0	\$3,400,732	\$0	\$0	\$67,587	\$2,117	\$3,870	\$212,048	\$15,276,299
312	Accounts Payable <= 90 Days	\$194,537	\$0	\$4,724	\$0	\$0	\$38,067	\$2,117	\$56	\$6,234	\$185,735
321	Accrued Wage/Payroll Taxes Payable	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$233	\$0	\$233
322	Accrued Compensated Absences - Current Portion	\$11,315	\$0	\$5,145	\$0	\$0	\$0	\$0	\$0	\$18,501	\$34,961
325	Accrued Interest Payable	\$229,968	\$0	\$26,489	\$0	\$0	\$0	\$0	\$0	\$0	\$256,457
341	Tenant Security Deposits	\$81,290	\$0	\$20,515	\$0	\$0	\$0	\$0	\$0	\$0	\$81,805
342	Deferred Revenues	\$79,435	\$0	\$2,225	\$0	\$0	\$0	\$0	\$0	\$0	\$111,689
343	Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds	\$226,496	\$0	\$54,137	\$0	\$0	\$0	\$0	\$0	\$0	\$280,633
348	Loan Liability - Current	\$190,329	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$190,329

Housing Authority of the City of Longview  
 Financial Data Schedule  
 For the year ended 09/30/2005

Line Item No.	Account Description	Business Activities	Rural Rental Housing Loans	Rural Rental Assistance Payments	Housing Counseling Assistance Program	Multifamily Housing Service Coordinators	HOME Investment Partnerships Program	Housing Opportunities for Persons with AIDS	Lower Income Housing Assistance Program on 8 Moderate Rehabilitation	Housing Choice Vouchers	Total
345	Other Current Liabilities	\$3,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$3,000
310	Total Current Liabilities	\$996,230	\$0	\$113,235	\$0	\$0	\$36,067	\$2,117	\$289	\$54,764	\$1,144,702
351	Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue Bonds	\$11,294,685	\$0	\$3,218,055	\$0	\$0	\$0	\$0	\$0	\$0	\$14,512,740
353	Noncurrent Liabilities - Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$77,681	\$77,681
350	Total Noncurrent Liabilities	\$11,294,685	\$0	\$3,218,055	\$0	\$0	\$0	\$0	\$0	\$77,681	\$14,590,421
300	Total Liabilities	\$12,230,915	\$0	\$3,331,290	\$0	\$0	\$36,067	\$2,117	\$289	\$132,445	\$15,735,123
508	Total Contributed Capital	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
508.1	Invested in Capital Assets, Net of Related Debt	(\$1,745,524)	\$0	(\$549,420)	\$0	\$0	\$0	\$0	\$0	\$25,642	(\$2,073,302)
511	Total Reserved Fund Balance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
511.1	Restricted Net Assets	\$849,841	\$0	\$221,910	\$0	\$0	\$0	\$0	\$0	\$669	\$1,072,420
512.1	Unrestricted Net Assets	\$268,713	\$0	\$196,952	\$0	\$0	\$29,520	\$0	\$3,581	\$53,292	\$542,058
513	Total Equity/Net Assets	(\$640,970)	\$0	\$69,442	\$0	\$0	\$29,520	\$0	\$3,581	\$79,603	(\$458,824)
600	Total Liabilities and Equity/Net Assets	\$11,589,945	\$0	\$3,400,732	\$0	\$0	\$67,587	\$2,117	\$3,870	\$212,048	\$15,276,299
703	Net Tenant Rental Revenue	\$1,318,544	\$0	\$196,977	\$0	\$0	\$0	\$0	\$0	\$0	\$1,515,521
704	Tenant Revenue - Other	\$86,885	\$0	\$19,104	\$0	\$0	\$0	\$0	\$0	\$0	\$105,989
705	Total Tenant Revenue	\$1,405,429	\$0	\$216,081	\$0	\$0	\$0	\$0	\$0	\$0	\$1,621,510
706	HUD PHA Operating Grants	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$74,029	\$5,969,034	\$5,643,063
708	Other Government Grants	\$65,548	\$135,403	\$325,150	\$6,882	\$55,447	\$97,177	\$8,789	\$0	\$19	\$682,196
711	Investment Income - Unrestricted	\$23,487	\$0	\$2,607	\$0	\$0	\$0	\$0	\$0	\$22	\$26,135
713	Proceeds from Disposition of Assets Held for Sale	\$227,611	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$227,611
713.1	Cost of Sale of Assets	(\$227,348)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$227,348)
714	Fraud Recovery	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,840	\$2,840
715	Other Revenue	\$132,052	\$0	\$0	\$0	\$0	\$5,413	\$0	\$0	\$13,844	\$151,309
716	Gain/Loss on Sale of Fixed Assets	\$575	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$575
720	Investment Income - Restricted	\$0	\$0	\$4,812	\$0	\$0	\$0	\$0	\$22	\$225	\$5,059
700	Total Revenue	\$1,627,354	\$135,403	\$548,650	\$6,882	\$55,447	\$102,590	\$6,789	\$74,070	\$5,985,965	\$8,142,950
911	Administrative Salaries	\$174,584	\$0	\$36,089	\$0	\$0	\$1,947	\$0	\$4,764	\$380,027	\$597,411
912	Auditing Fees	\$1,933	\$0	\$3,475	\$0	\$0	\$0	\$0	\$396	\$15,940	\$19,544
913	Outside Management Fees	\$0	\$0	\$49,017	\$0	\$0	\$0	\$0	\$0	\$49,017	\$49,017
914	Compensated Absences	\$12,672	\$0	\$3,788	\$0	\$0	\$0	\$0	\$232	\$18,501	\$35,193
915	Employee Benefit Contributions - Administrative	\$77,252	\$0	\$11,638	\$0	\$0	\$449	\$0	\$1,172	\$92,252	\$182,763
916	Other Operating - Administrative	\$78,434	\$0	\$17,733	\$0	\$0	\$0	\$0	\$1,470	\$128,309	\$225,946
921	Tenant Services - Salaries	\$0	\$0	\$0	\$0	\$0	\$157	\$0	\$0	\$0	\$157
924	Tenant Services - Other	\$12,452	\$0	\$3,054	\$6,882	\$55,447	\$0	\$0	\$0	\$1,116	\$78,751
931	Water	\$41,407	\$0	\$18,288	\$0	\$0	\$0	\$0	\$0	\$0	\$59,695
932	Electricity	\$26,080	\$0	\$12,289	\$0	\$0	\$0	\$0	\$0	\$0	\$38,369

Housing Authority of the City of Longview  
Financial Data Schedule  
For the year ended 09/30/2005

Line Item No.	Account Description	Business Activities	Rural Rental Housing Loans	Rural Rental Assistance Payments	Housing Counseling Assistance Program	Multifamily Housing Service Coordinators	HOME Investment Partnerships Program	Housing Opportunities for Persons with AIDS	Lower Income Housing Assistance Program, Section 8, Moderate Rehabilitat	Housing Choice Vouchers	Total
933	Gas	\$2,082	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,082
936	Other Utilities Expense	\$103,465	\$0	\$60,810	\$0	\$0	\$0	\$0	\$0	\$0	\$164,275
941	Ordinary Maintenance and Operations - Labor	\$84,602	\$0	\$41,760	\$0	\$0	\$0	\$0	\$0	\$0	\$126,362
942	Ordinary Maintenance and Operations - Materials and Other	\$125,918	\$0	\$42,008	\$0	\$0	\$4	\$0	\$0	\$0	\$167,926
943	Ordinary Maintenance and Operations - Contract Costs	\$46,373	\$0	\$25,797	\$0	\$0	\$0	\$0	\$0	\$0	\$72,170
945	Employee Benefit Contributions - Ordinary Maintenance	\$0	\$0	\$13,470	\$0	\$0	\$0	\$0	\$0	\$0	\$13,470
952	Protective Services - Other Contract Costs	\$0	\$0	\$288	\$0	\$0	\$0	\$0	\$0	\$0	\$288
961	Insurance Premiums	\$25,678	\$0	\$12,725	\$0	\$0	\$0	\$0	\$139	\$5,377	\$49,919
962	Other General Expenses	\$18,900	\$0	\$10,562	\$0	\$0	\$22	\$0	\$23	\$36,354	\$65,321
963	Payments in Lieu of Taxes	\$4,578	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$4,578
964	Bad Debt - Tenant Rents	\$17,559	\$0	\$484	\$0	\$0	\$0	\$0	\$0	\$0	\$18,043
966	Bad Debt - Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$130	\$130
967	Interest Expense	\$514,606	\$135,403	\$109,610	\$0	\$0	\$0	\$0	\$0	\$0	\$759,619
969	Total Operating Expenses	\$1,366,051	\$135,403	\$472,905	\$6,682	\$55,447	\$2,579	\$0	\$8,196	\$678,646	\$2,727,909
970	Excess Operating Revenue over Operating Expenses	\$259,303	\$0	\$75,745	\$0	\$0	\$100,011	\$6,789	\$65,874	\$4,907,319	\$5,416,041
971	Extraordinary Maintenance	\$3,891	\$0	\$25,567	\$0	\$0	\$0	\$0	\$0	\$0	\$29,478
972	Casualty Losses - Non-Capitalized	\$27,418	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$27,418
973	Housing Assistance Payments	\$18,736	\$0	\$0	\$0	\$0	\$67,657	\$6,789	\$66,860	\$4,868,901	\$5,028,643
974	Depreciation Expense	\$315,717	\$0	\$94,666	\$0	\$0	\$0	\$0	\$0	\$7,446	\$417,829
978	Dwelling Units Rent Expense	\$4,970	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$4,970
900	Total Expenses	\$1,738,783	\$135,403	\$593,158	\$6,682	\$55,447	\$70,238	\$6,789	\$74,756	\$5,554,993	\$8,236,247
1010	Total Other Financing Sources (Uses)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1000	Excess (Deficiency) of Operating Revenue Over (Under) Expenses	\$(111,429)	\$0	\$(44,508)	\$0	\$0	\$32,354	\$0	\$(666)	\$50,972	\$(63,257)
1102	Debt Principal Payments - Enterprise Funds	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1103	Beginning Equity	\$(528,634)	\$108,208	\$108,208	\$0	\$0	\$(2,834)	\$0	\$4,267	\$48,631	\$(280,154)
1104	Prior Period Adjustments, Equity Transfers and Correction of Errors	\$(2,907)	\$(103,208)	\$5,742	\$0	\$0	\$0	\$0	\$0	\$0	\$(105,373)
1113	Maximum Annual Contributions Commitment (Per ACC)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$72,924	\$0	\$72,924
1114	Prorata Maximum Annual Contributions Applicable to a Period of less than Twelve Months	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$5,619,109	\$5,619,109
1115	Contingency Reserve, ACC Program Reserve	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$131,247	\$309,788	\$441,035
1116	Total Annual Contributions Available	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$204,171	\$5,928,897	\$6,133,068
1123	Unit Months Available	2,796	0	1,200	0	0	252	24	144	13,320	17,736
1121	Number of Unit Months Leased	2,621	0	1,148	0	0	252	24	137	13,066	17,248



# **ABOUT THE STATE AUDITOR'S OFFICE**

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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.

Our mission is to work in cooperation with our audit clients and citizens as an advocate for government accountability. 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.

The State Auditor's Office has 300 employees who are located around the state to deliver our services effectively and efficiently. Approximately 65 percent of our staff are certified public accountants or hold other certifications and advanced degrees.

Our regular 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. We also perform fraud and whistleblower investigations. In addition, we have the authority to conduct performance audits of state agencies and local governments.

The results of our audits are widely distributed through a variety of reports, which are available on our Web site. We continue to refine our reporting efforts to ensure the results of our audits are useful and understandable.

We take our role as partners in accountability seriously. We provide training and technical assistance to governments and have an extensive program to coordinate audit efficiency and to ensure high-quality audits.

**State Auditor**  
**Chief of Staff**  
**Chief Policy Advisor**  
**Director of Administration**  
**Director of Audit**  
**Director of Performance Audit**  
**Director of Operations**  
**Local Government Liaison**  
**Communications Program Manager**  
**Public Records Officer**  
**Main number**

**Brian Sonntag, CGFM**  
**Ted Rutt**  
**Jerry Pugnetti**  
**Doug Cochran**  
**Chuck Pfeil, CPA**  
**Linda Long, CPA, CGFM**  
**Jim Brittain, CPA**  
**Mike Murphy**  
**Mindy Chambers**  
**Mary Leider**  
**(360) 902-0370**

**Web Site**

**<http://www.sao.wa.gov>**

