

**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, 2008 through September 30, 2009**

**Report No. 1003547**

Issue Date  
**May 10, 2010**



WASHINGTON  
**BRIAN SONNTAG**  
STATE AUDITOR



**Washington State Auditor  
Brian Sonntag**

May 10, 2010

Board of Commissioners  
Longview Housing Authority  
Longview, Washington

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

Please find attached our report on the 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.

Sincerely,

**BRIAN SONNTAG, CGFM**  
STATE AUDITOR

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Cowlitz County  
October 1, 2008 through September 30, 2009

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# Federal Summary

## Longview Housing Authority Cowlitz County October 1, 2008 through September 30, 2009

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

### ***FINANCIAL STATEMENTS***

An unqualified opinion was issued on the basic financial statements.

#### **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 significant 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 significant deficiencies that we consider to be material weaknesses.

We issued an unqualified opinion on the Housing Authority's compliance with requirements applicable to its major federal programs.

We reported no findings that are required to be disclosed under OMB Circular A-133.

**Identification of Major Programs:**

The following were major programs during the period under audit:

<u>CFDA No.</u>	<u>Program Title</u>
14.871	Housing Choice Vouchers
64.024	VA Homeless Providers Grant and Per Diem Program

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.

# **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, 2008 through September 30, 2009

Board of Commissioners  
Longview Housing Authority  
Longview, Washington

We have audited the basic financial statements of the Longview Housing Authority, Cowlitz County, Washington, as of and for the year ended September 30, 2009, and have issued our report thereon dated April 12, 2010.

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 as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Housing Authority's internal control over financial reporting.

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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

## **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, 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*.

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.

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**BRIAN SONNTAG, CGFM**  
STATE AUDITOR

April 12, 2010

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

Longview Housing Authority  
Cowlitz County  
October 1, 2008 through September 30, 2009

Board of Commissioners  
Longview Housing Authority  
Longview, Washington

## **COMPLIANCE**

We have audited the compliance of the 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 programs for the year ended September 30, 2009. The Housing Authority's major federal programs are identified in the Federal Summary. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs 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 programs for the year ended September 30, 2009.



## **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 the 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, 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 *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is a more than remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in a more than remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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.



**BRIAN SONNTAG, CGFM**  
STATE AUDITOR

April 12, 2010

# **Independent Auditor's Report on Financial Statements**

## **Longview Housing Authority Cowlitz County October 1, 2008 through September 30, 2009**

Board of Commissioners  
Longview Housing Authority  
Longview, Washington

We have audited the accompanying basic financial statements of the Longview Housing Authority, Cowlitz County, Washington, as of and for the year ended September 30, 2009, as listed on page 9. 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 the Longview Housing Authority, as of September 30, 2009, and the changes in financial position and cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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 10 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 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 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

April 12, 2010

# **Financial Section**

**Longview Housing Authority  
Cowlitz County  
October 1, 2008 through September 30, 2009**

## ***REQUIRED SUPPLEMENTAL INFORMATION***

Management's Discussion and Analysis – 2009

## ***BASIC FINANCIAL STATEMENTS***

Statement of Net Assets – 2009  
Statement of Revenues, Expenses and Changes in Net Assets – 2009  
Statement of Cash Flows – 2009  
Notes to Financial Statements – 2009

## ***SUPPLEMENTAL INFORMATION***

Schedule of Expenditures of Federal Awards – 2009  
Notes to the Schedule of Expenditures of Federal Awards – 2009  
Financial Data Schedule – 2009

**HOUSING AUTHORITY OF THE CITY OF LONGVIEW**  
**Management's Discussion and Analysis**  
**September 30, 2009**

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***

- Unrestricted cash and cash equivalents increased by \$303 thousand (60%) during FY2009. The year end unrestricted cash and equivalents were \$806 thousand.
- The Authority's net assets increased by \$588 thousand (112%) during FY2009. The year-end net assets were \$1.1 million.
- The Authority maintained average occupancy rate of 98% across all projects.
- The Authority revenues increased by \$915 thousand (8.1 %) during FY2009. Revenues were \$12.2 million and \$11.3 million for FY2009 and FY2008, respectively.
- The total expenses of all Authority programs increased by \$928 thousand (8.7 %). Total expenses were \$11.6 million and \$10.7 million for FY2009 and FY2008, respectively.

***Authority Wide Financial Statements***

The focus of Authority-wide financial statements is on the overall financial position and activities of the Housing Authority of the City of Longview. 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 financial 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 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:

**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 financial statement 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. Again, the items presented on the statement of revenues, expenses and changes in fund net assets are measured in a manner similar to the approach used by a commercial enterprise in that revenues are recognized when earned or established criteria are satisfied and expenses are reported when incurred by the Authority. Thus, revenues are reported even when they may not be collected for several months after the end of the accounting periods and expenses are recorded even though they may not have used cash during the current period.

**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>9/30/2009</b>	<b>9/30/2008</b>
Current and Other Assets	\$ 2,923,601	\$ 2,179,758
Non-current and Capital Assets	17,383,005	16,045,773
<b>Total Assets</b>	<u>\$ 20,306,606</u>	<u>\$ 18,225,531</u>
Current Liabilities	\$ 1,516,897	\$ 1,227,449
Long-Term Liabilities	17,676,029	16,472,664
<b>Total Liabilities</b>	19,192,926	17,700,113
Net Assets:		
Invested in Capital Assets, Net of Related Debt	(1,326,573)	(1,653,427)
Restricted Cash and Investments	1,516,345	1,830,167
Unrestricted	923,908	348,678
<b>Total Net Assets</b>	<u>\$ 1,113,680</u>	<u>\$ 525,418</u>

The Authority’s current assets exceed current liabilities by \$1.2 million, for a current ratio of 1.8. The current ratio is a measure of the ability to pay debts as they become due.

The Authority had \$1.7 million in cash and investments that were restricted in use by various bond trust indentures, grant regulations and security deposits. These assets may only be used for bond debt service, capital replacements, property improvements or housing assistance payments. This amount decreased by \$108 thousand (5.9%) from a balance of \$1.8 million at the beginning of the fiscal year. A significant part of this balance results from \$726 thousand in required debt service

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

reserves, \$314 thousand in replacement reserves and \$476 thousand in Housing Assistance Payments (HAP) funds that were received from HUD but remain unspent at year end.

The Authority's net assets increased in FY2009 by \$588 thousand (112%). A majority of this increase was from Phoenix House development activities and the Housing Choice Voucher program. With respect to the total assets of \$20 million, 82% the Housing Authority's assets are real estate, buildings and improvements to those buildings. Those capital assets are used to provide apartments to low-income tenants and an administrative office for operations.

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

<b>Statement of Revenues, Expenses and Changes in Net Assets</b>	<b>9/30/2009</b>	<b>9/30/2008</b>
<b>Revenues</b>		
Operating		
Tenant Revenue	\$ 1,995,049	\$ 1,925,816
Other	711,817	154,962
Non-Operating		
Government Operating Subsidies and Grants	9,475,678	9,166,667
Investment Income	11,348	30,966
<b>Total Revenue</b>	<u>12,193,892</u>	<u>11,278,411</u>
<b>Expenses</b>		
Operating		
	10,823,976	9,890,161
Non-Operating		
Interest	775,201	781,478
<b>Total Expenses</b>	<u>11,599,177</u>	<u>10,671,639</u>
Excess (Deficiency) of Revenues over Expenses	594,715	606,772
Capital contributions	-	-
Change in net assets	594,715	606,772
Prior Period Adjustment	(6,453)	-
Net Assets, Beginning of Year	525,418	(81,354)
<b>Net Assets, End of year</b>	<u>\$ 1,113,680</u>	<u>\$ 525,418</u>

The Housing Authority's total operating revenue increased approximately 30% or \$626 thousand. Rental income increased 1.4% or \$26 thousand due to rent increases and improved occupancy over the fiscal year. Other operating revenue increased by \$557 thousand comes from increased developer fees and Housing Choice Voucher portable-in transactions.

Grants revenues in the "Non-operating Revenues and (Expenses)" increased by 3.1% or 289 thousand. The growth in grant income is attributed to the following categories:

- Housing Choice Voucher funding increased by \$225 thousand (3.2%) from the previous year, and
- A new grant Veterans Per-Diem program increased revenues by \$137 thousand for the year.

Operating expenses increased 9.4% from the prior year. The increase of \$934 thousand is attributed to the following categories:

- Administration decreased \$13 thousand or 1%,
- Tenant Services increased \$36 thousand or 9%,
- Utilities decreased \$5 thousand or 1%,

- Ordinary Maintenance and Operations decreased \$ 27 thousand or 2%,
- Housing Assistance Payments (for all programs) increased by \$462 thousand or 7.7% and
- Depreciation expense increased by \$43 thousand or 9%.

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

Capital Assets

As of the year end, the Authority had \$17 million invested in a variety of capital assets and construction work in progress as reflected in the following schedule, which represents a net increase of \$1.7 million from the end of last year. The following table also summarizes the changes in capital assets between fiscal years 2009 and 2008:

	FY2009	FY2008	Net Change
Land	\$ 1,558,896	\$ 1,528,781	\$ 30,115
Construction in progress	-	676,301	(676,301)
Buildings, improvements & fixtures	16,968,277	14,273,822	2,694,455
Leasehold improvements	2,727,052	2,727,052	-
Machinery, vehicles, & equipment	244,155	230,575	13,580
Less accumulated depreciation	(4,841,387)	(4,445,634)	(395,753)
Total capital assets (net)	\$ 16,656,993	\$ 14,990,897	\$ 1,666,096

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. At September 30, 2009, the total liabilities reported by the Authority are \$19.2 million of which \$17.7 million are classified as long-term and \$1.5 million are current liabilities. For the long term liabilities \$1.2 million (\$726 thousand in Restricted Investments and \$479 thousand in unrestricted Cash and Cash Equivalents) have been set aside for debt service payments.

Payments of \$749 thousand were made on outstanding bonds and loans during the year.

Please refer to Note 4 – CAPITAL ASSETS and Note 9 - LONG TERM DEBT AND LIABILITIES in the Notes to the Financial Statements for more detailed information.

**Other Potentially Significant Matters**

The Authority is planning the redevelopment of the Stratford Apartments. The twenty units will be remodeled and dedicated to housing homeless veterans in the Authority’s jurisdiction. The Authority has applied for and anticipates receiving a \$489,000 Economic Development Initiative – Special Projects grant.

The Authority has also entered into an agreement with the Joint Pacific County Housing Authority (JPCHA) to develop a tax credit project in Raymond, WA. Under the agreement the authorities are to develop the second phase of the Pacific Pearl for a total of thirty (30) units to serve a low income population. Financing for the development uses existing (Washington State) financing plus tax credit equity. The Authority and JPCHA will act as co-general partners in the project.

**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 the Finance Director of 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**  
**September 30, 2009**

**ASSETS**

Current Assets

Cash and Cash Equivalents	\$ 806,249
Receivables (Net)	516,068
Prepayments	3,211
Assets Held for Resale	346,416
Restricted Assets:	
Tenant Security Deposits	102,654
Other Restricted	893,737
Total Current Assets	<u>2,668,335</u>

Noncurrent assets

Restricted Assets

Cash and Cash Equivalents	
Investments	726,012

Capital Assets

Land	1,558,896
Buildings	19,695,329
Equipment	244,155
Accumulated Depreciation	<u>(4,841,387)</u>
Total Capital Assets (Net)	16,656,993

Other Assets

	<u>255,266</u>
Total Non-Current Assets	<u>17,638,271</u>

**TOTAL ASSETS**

\$ 20,306,606

**LIABILITIES**

Current Liabilities

Accounts Payable	\$ 335,337
Accrued Liabilities	350,336
Intergovernmental Payables	-
Current Portion of Long-Term Debt	360,055
Tenant Security Deposits	102,657
Deferred Revenue	46,566
Other Current Liabilities	321,946
Total Current Liabilities	<u>1,516,897</u>

Noncurrent Liabilities

Compensated Absences	52,518
Long-Term Debt	17,623,511
Other Non-Current Liabilities	-
Total Noncurrent Liabilities	<u>17,676,029</u>

**TOTAL LIABILITIES**

19,192,926

**NET ASSETS**

Invested in Capital Assets, Net of Related Debt	(1,326,573)
Restricted Net Assets	1,516,345
Unrestricted Net Assets	923,908

**TOTAL NET ASSETS**

\$ 1,113,680

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

**Housing Authority of the City of Longview**  
**Statement of Revenues, Expenses, and Changes in Fund Net Assets**  
**For the Year Ended September 30, 2009**

OPERATING REVENUES	
Net Tenant Rental Revenue	\$ 1,858,397
Tenant Revenue - Other	136,652
Other Revenue	<u>\$711,817</u>
Total Operating Revenue	2,706,866
OPERATING EXPENSES	
Administration	1,283,034
Tenant Services	441,416
Utilities	313,219
Ordinary Maintenance and Operations	824,539
Housing Assistance Payments	7,317,287
Depreciation and Amortization Expense	544,726
Other General Expenses	<u>99,755</u>
Total Operating Expenses	10,823,976
OPERATING INCOME (LOSS)	<u><u>\$ (8,117,110)</u></u>
NONOPERATING REVENUES (EXPENSES)	
HUD Subsidies and Grant Revenue	\$ 7,270,333
Other Government Grants	2,205,345
Investment Income	11,348
Interest Expense	<u>(775,201)</u>
Total NonOperating Revenues (Expenses)	8,711,825
CHANGE IN NET ASSETS	594,715
BEGINNING TOTAL NET ASSETS - 09/30/2008	\$525,418
Prior Period Adjustment	<u>(6,453)</u>
BEGINNING TOTAL NET ASSETS RESTATED - 09/30/2008	518,965
ENDING TOTAL NET ASSETS ENDING - 09/30/2009	<u><u>\$ 1,113,680</u></u>

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

**Housing Authority of the City of Longview**  
**Statement of Cash Flows**  
**For the Year Ended September 30, 2009**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from Tenants	\$ 2,004,518
Payments to Employees	(1,548,087)
Payments to Suppliers	(1,250,465)
Housing Assistance Payments	(7,311,995)
Other Receipts (Payments)	768,549
Net Cash Provided (Used) in Operating Activities	<u>(7,337,480)</u>
 <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Grant receipts	9,385,860
Other receipts (payments)	(91,283)
Net cash provided (used) by noncapital financing activities	<u>9,294,577</u>
 <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Proceeds from capital debt	1,711,960
Capital contributions	-
(Purchase of capital assets)	(2,171,770)
(Principal payments on capital debt)	(260,229)
(Interest payments on capital debt)	(781,552)
Other receipts (payments)	-
Net cash provided (used) by capital and related financing activities	<u>(1,501,591)</u>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Proceeds from sale (purchase) of Investments	(60,420)
Interest and dividends	11,348
Net cash used in investing activities	<u>(49,072)</u>
 Net increase (decrease) in cash and cash equivalents	 406,434
Cash at the beginning of the year	1,396,206
Cash at the end of the year	<u>\$ 1,802,640</u>

<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	
Operating Income (Loss)	\$ (8,117,110)
Adjustments to Reconcile Operating Income (Loss) to Net Cash:	
Depreciation Expense & Amortization	544,726
Changes in Assets and Liabilities:	
Decrease (Increase) in Receivables	14,034
Decrease (Increase) in Investments	-
Decrease (Increase) in Prepaid Expenses	5,292
Decrease (Increase) in inventories	-
Increase (Decrease) in Accounts Payable	94,799
Increase (Decrease) in Other Payables	120,779
Total Adjustments	<u>779,630</u>
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<b>\$ (7,337,480)</b>

The notes to the 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, 2009

### 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:

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. The six member board is 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 four-county area which includes Cowlitz County, Lewis County, Pacific County and Wahkiakum County. These include federal funds from Housing and Urban Development programs and Department of Agriculture, Rural Housing, programs. The Authority also 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 loans and are also owned and managed by the Authority for the purpose of providing affordable housing stock in our community. These programs are designed to provide low income individuals with housing.

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.

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 Statement of Net Assets. Generally, components are ordered as needed for specific repairs and not maintained as inventory. Inventory is valued at cost and is valued using the “first in first out” (FIFO) method which approximates the market value.

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 Statement of Net Assets, restricted resources currently include the following:

“Tenant security deposits” of \$102,645 are held in trust for tenants of the Longview Housing Authority. In accordance with the Washington State Landlord Tenant law the Authority holds these funds in a segregated bank account. The funds are returned at the end of tenancy less any damage that may occur.

“Investments” of \$726,012 are held for debt service reserves. Bond covenants entered into by the Housing Authority require portions of the debt proceeds to be set aside.

“Other Restricted (Cash)” of \$893,737 includes \$476,206 for excess Housing Assistance Payment reserves and \$314,128 for required replacement reserves.

g. 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.

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

h. Investments

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

i. 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.

j. 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 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.

k. Revenue Bonds Payable

“Current portion of Long Term Debt” 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 adjusted by the amortization of the discount. Unamortized discounts are reported as an adjustment to the Long Term Debt reported on the Statement of Net Assets (see note 9).

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 Statement of Net Assets. 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 Public Deposit Protection Commission (PDPC). It is the policy of the Authority, when making deposits or investing in bank market rate savings or certificates of deposit, to use banks which are qualified public depositories as designated by the Washington Public Deposit Protection Commission (PDPC) 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.

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. 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.

As of year ended September 30, 2009 investments consisted of the following:

Investment	Value
Washington Local Govt Investment Pool	\$ 78
U.S. Treasury Money Market	112,856
U.S. Treasuries	613,078
Total	<u>\$ 726,012</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.

**Custodial Credit Risk** – is the risk that in event of a failure of the counterparty to an investment transaction the Authority would not be able to recover the value of the investment of collateral securities. None of the Authority's cash accounts or investments are exposed to custodial credit risk since all funds are either entirely covered by FDIC insurance, the Washington Public Deposit Protection Act or consists of investment in U.S. Treasury obligations or repurchase agreements secured by U.S. Treasury obligations.

**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. Donations are recorded at the fair market value as determined by appraisal. 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.

Capital asset activity for the year ended September 30, 2009 was as follows:



	Beginning		Ending	
	Balance 10/01/08	Increase	Decrease	Balance 9/30/09
Capital assets not being depreciated:				
Land	\$ 1,528,781	\$ 30,115	\$ -	\$ 1,558,896
Construction in progress	676,301	1,616,568	2,292,869	-
Total capital assets not being depreciated	2,205,082	1,646,683	2,292,869	1,558,896
Capital assets being depreciated:				
Buildings/improvements	14,273,822	2,694,455	-	16,968,277
Furniture, Equipment & Machinery - Dw ellings	14,301	-	-	14,301
Furniture, Equipment & Machinery - Administration	216,273	13,581	-	229,854
Leasehold Improvements	2,727,052	-	-	2,727,052
Total capital assets being depreciated	17,231,448	2,708,036	-	19,939,484
Less total accumulated depreciation	(4,445,634)	(544,726)	148,973	(4,841,387)
Total capital assets being depreciated, net	12,785,814	2,163,310	148,973	15,098,097
Total capital assets, net	\$ 14,990,896	\$ 3,809,993	\$ 2,441,842	\$ 16,656,993

The original cost of operating property retired or otherwise disposed of and the cost of installation, less salvage, is charged to accumulated depreciation. However, in the case of the sale of a significant operating unit or system, the original cost is removed from the capital asset accounts, accumulated depreciation is charged with the accumulated depreciation related to the property sold, and the net gain or loss on disposition is credited or charged to income.

Preliminary costs incurred for proposed projects are deferred pending construction of the facility. Costs relating to projects ultimately constructed are transferred to the project; charges that related to abandoned projects are expensed.

## Note 5 – AREAS OF OPERATIONS

When the City of Longview created the Authority, the Authority was authorized to operate within the limits of the City of Longview. Subsequently the Authority contracted with HUD to manage the Housing Choice Vouchers in Lewis County, Pacific County and Cowlitz County (excluding the cities of Kelso and Kalama). The Authority also has inter-local agreements with Castle Rock, Cathlamet, Kalama, Kelso, Wahkiakum County, Winlock and Woodland to provide housing services in those communities.

The Authority also provides some management services though contract to the Joint Pacific County Housing Authority and the Mason County Housing Authority.

## Note 6 – SHORT TERM DEBT

Short term activities for the year ended September 30, 2009 were as follows:

Debt	Beginning Balance 10/1/2008	Issued	Redeemed	Ending Balance 9/30/2009	Purpose
Line of Credit	\$ 132,039	\$ 77,053	\$ -	\$ 209,092	Purchase of Share Home
Impact Capital	3,407	-	3,407	-	Pre development of Phoenix House
	\$ 135,446	\$ 77,053	\$ 3,407	\$ 209,092	

## Note 7 – LEASE COMMITMENTS

### a. Operating Lease(s)

The Authority is committed under various leases for use of the Sylvester apartments, copiers and postage equipment. These leases are considered operating leases for accounting purposes. Lease expenses for the year ended September 30, 2009 amounted to \$5,978.

Future minimum rental commitments for these leases are as follows:

Fiscal Year Ended	Minimum Lease Commitment
2010	11,000
2011	10,677
2012	7,938
2013	7,689
2014	7,689
2015-2048	17,000
	<u>\$ 61,992</u>

### b. Capital Lease(s)

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

## Note 8 - 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.

“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 or investments held in bond covenant accounts.

## Note 9 - LONG TERM DEBT AND LIABILITIES

### 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 to advance refund several revenue bond issues. The revenue bonds are being repaid by the Authority’s revenues.

The refunded issues (Stratford 1996 and Pooled 1998) are legally defeased. Losses resulting from an advance refunding are carried on the Statement of net Assets 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 9/30/09 were as follows

Project	Balance 9/30/09 of Bond Discount	FY2009 Amortization
OID- Stratford 1996 Issue	\$ 11,549	\$ 696
OID- Pooled 1998 Issue	\$ 98,371	\$ 5,177

The revenue bonds currently outstanding are as follows:

Purpose	Original Amount	Issue Date	Interest Rate	Amount Outstanding
Acquire Hawthorne House apartments.	\$ 940,000	October 12, 1995	7.50%	\$ 720,000
Stratford Apartments advance refunding of 1990 bond issue and to fund improvements and debt service reserve.	530,000	May 1, 1996	6.00% to 6.60%	415,000
Acquire Mint Place Apartments, advance refund 1992 bond issue, fund improvements and a debt service reserve.	9,090,000	October 1, 1998	5.13%	7,370,000
Total	\$ 10,560,000			\$ 8,505,000

Revenue bond debt service requirements to maturity are as follows:

Year Ending 9/30/xxxx	Principal	Interest	Required Debt Service
2010	\$ 255,000	\$ 470,828	\$ 725,828
2011	265,000	457,033	722,033
2012	280,000	442,718	722,718
2013	295,000	427,298	722,298
2014	315,000	411,358	726,358
2015-2019	1,855,000	1,770,174	3,625,174
2020-2024	2,415,000	1,190,153	3,605,153
2025-2030	2,825,000	459,773	3,284,773
	\$ 8,505,000	\$ 5,629,332	\$ 14,134,332

There is \$726,012 shown in restricted investments of the Authority. This investment represents debt service reserve requirements as contained in the various indentures.

b. Real Estate Mortgages

The Authority has long term loans which may be 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
Renovate Administrative Office and Commercial Space	285,000	10/24/2002	6.50%	\$ 209,579
Purchase Hemlock (4 plex)	85,500	4/6/2001	8.25%	77,478
Refinance Harmony House	55,637	9/4/2009	6.50%	55,517
Acquire single family residence	33,750	8/14/2008	5.50%	26,460
Acquire land and construct 17 units of elderly housing*	850,500	8/11/1998	1.00%	850,500
Acquire land and construct 17 units of elderly housing	250,000	4/30/1998	2.00%	83,948
Acquire land and construct 17 units of elderly housing	188,691	3/4/1998	6.50%	164,585
Purchase 61 units of senior housing	1,438,736	10/12/1995	1.00%	1,299,804
Purchase 39 units of elderly/disabled housing	1,238,636	8/1/1995	1.00%	1,013,147
Finance leasehold improvements for Sylvester Arms apartments	1,503,567	1/9/1994	1.00%	1,503,567
Purchase 16 units of family housing	493,046	10/25/2005	0.00%	493,015
	99,743	1/19/2006	1.00%	96,928
	242,569	1/19/2006	1.00%	235,721
Purchase 35 units of family housing	555,032	10/25/2005	0.00%	555,035
	360,748	1/19/2006	1.00%	350,563
	571,735	1/19/2006	1.00%	555,595
Purchase single family residence	33,750	8/14/2008	5.5-3.75%	33,750
Construction of 20 units of assisted housing	1,775,000	6/30/2008	0.00%	1,775,000
	<u>\$ 10,061,640</u>			<u>\$ 9,380,192</u>

\* The table does not reflect \$98,374 of accrued interest at the end of 9/30/2009.

Mortgage debt service requirements to maturity are as follows:

9/30/xxxx	Principal*	Interest	Debt Service
2010	\$ 364,748	\$ 347,994	\$ 712,742
2011	194,924	271,172	466,096
2012	167,571	263,615	431,186
2013	174,391	256,795	431,186
2014	189,759	249,561	439,320
2015-2019	1,024,460	1,160,379	2,184,839
2020-2024	1,219,376	897,637	2,117,013
2025-2029	1,235,595	617,028	1,852,623
2030-2034	853,906	382,938	1,236,844
2035-2039	541,609	174,561	716,170
2040-2044	507,376	85,670	593,046
2045-2049	1,307,571	7,859	1,315,429
2050-2054	-	-	-
2055-2059	1,775,000	-	1,775,000
	<u>\$ 9,556,285</u>	<u>\$ 4,715,209</u>	<u>\$ 14,271,494</u>

\* Principal includes \$176,093 of accrued interest.

c. Changes in Long-Term Liabilities

During the year ended September 30, 2009, the following changes occurred in long-term liabilities:

	Beginning Balance 10/1/2008	Additions	Reductions	Ending Balance 9/30/2009	Due Within One Year
Revenue Bonds Payable	\$ 8,750,000	\$ -	\$ 245,000	\$ 8,505,000	\$ 255,001
Less Deferred amounts for OID	(115,793)	5,873		(109,920)	
Total Bonds Payable	8,634,207	5,873	245,000	8,395,080	255,001
Mortgages Payable	7,802,770	1,592,651	15,229	9,380,192	105,054
Accrued Interest	88,988	9,386		98,374	-
Compensated Absences	65,584		13,066	52,518	-
Family Self Sufficiency Deposits	117,923	-	117,923	-	-
Unsecured Notes Payable	225,180		225,180	-	-
Total Long Term Liabilities	\$ 16,934,652	\$ 1,607,910	\$ 616,398	\$ 17,926,164	\$ 360,055

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, 2009 the Authority estimates that no arbitrage rebate exists and that no liability exists.

**Note 10 - PENSION PLANS**

Substantially all 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 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 defined benefit plan with a defined contribution component.

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 participating 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 either, February 28, 2002 for state and higher education employees, or 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 March 1, 2002 for state and higher education employees, or 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 members are vested after the completion of 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 benefit is two 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 any 24 eligible consecutive compensation months. Plan 1 retirements from inactive status prior to the age of 65 may receive actuarially reduced benefits. The benefit is actuarially reduced to reflect the choice of a survivor option. A cost-of living allowance (COLA) is granted at age 66 based upon years of service times the COLA amount, increased by three percent annually. Plan 1 members may also elect to receive an additional COLA amount (indexed to the Seattle Consumer Price Index), capped at three percent annually. To offset the cost of this annual adjustment, the benefit is reduced.

Plan 2 members are vested after the completion of 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 two 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 three percent per year reduction applies; otherwise an actuarial reduction will apply. The benefit is also actuarially reduced to reflect the choice of a survivor option. 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 three 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. Effective June 7, 2006, Plan 3 members are vested in the defined portion of their plan after ten years of service; or after five years if twelve months of that service are earned after age 44; or after five service credit years earned in PERS Plan 2 prior to June 1, 2003. Plan 3 members are immediately vested in the defined contribution portion of their plan. Vested Plan 3 members are eligible to retire with full benefits at age 65, or at age 55 with 10 years of service. 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. The benefit is also actuarially reduced to reflect the choice of a survivor option. 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 1,181 participating employers in PERS. Membership in PERS consisted of the following as of the latest actuarial valuation date for the plans of September 30, 2006<sup>1</sup>:

Retirees and Beneficiaries Receiving Benefits	70,201
Terminated Plan Members Entitled to But Not Yet Receiving Benefits	25,610
Active Plan Members Vested	105,215
Active Plan Members Nonvested	49,812
<b>Total</b>	<b>250,838</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 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. Under PERS Plan 3, employer contributions finance the defined benefit portion of the plan, and member contributions finance the defined contribution portion. 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 September 30, 2009<sup>1</sup>, were as follows:

	PERS Plan 1	PERS Plan 2	PERS Plan 3
Employer*	5.31%**	5.31%	5.31%****
Employee	6.00%***	3.9%	*****

\* The employer rates include the employer administrative expense fee currently set at 0.16%.

\*\* The employer rate for state elected officials is 9.12% for Plan 1 and 6.13% for Plan 2.

\*\*\* Plan 3 defined benefit portion only.

\*\*\*\* The employee rate for state elected officials is 7.50% for Plan 1 and 4.15% for Plan 2.

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

1) Please contact the Department of Retirement for participating employer and current rate information.

Both the authority and the employees made the required contributions. The authority's required contributions for the years ended September 30 were as follows:

	PERS Plan 1	PERS Plan 2	PERS Plan 3
2009	\$ 2,293	\$ 64,217	\$ 20,209
2008	\$ 1,879	\$ 51,417	\$ 16,291
2007	\$ 1,313	\$ 32,744	\$ 10,649

### **Note 11 - CONTINGENCIES AND LITIGATION**

The 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 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 12 – PRIOR PERIOD ADJUSTMENTS**

The total prior period adjustment of \$6,453 consists of two transactions:

1. The first adjustment of \$6,543 was a development expense that was not recorded in the previous year.
2. The second adjustment of \$90 corrects for an accumulation of rounding errors.

#### **Note 13 – SUBSEQUENT EVENTS**

The Housing Authority of Longview has requested and anticipates approval of an Economic Development Initiative – Special Projects grant in the amount of \$489,000. The grant will be used to rehabilitate the Stratford Apartments for special use as Veterans Housing. The Stratford Apartments occupies the top two floors of the Stratford building and contains 20 units. The units will be set aside for eligible Veterans.

The Authority has also entered into an agreement with the Joint Pacific County Housing Authority (JPCHA) to develop a tax credit project in Raymond, WA. Under the agreement the authorities are to develop the second phase of the Pacific Pearl for a total of thirty (30) units to serve a low income population and intend to finance the development using the existing (Washington State) financing plus tax credit equity by selling the current fifteen (15) unit project as a work in progress to a tax credit limited partnership and assigning over existing funding. The Authority and JPCHA will act as co-general partners in the project.

#### **Note 14 – RISK MANAGEMENT**

The Housing Authority is not facing any type of risk and has no settlements that exceeded the insurance coverages traditionally insured with property and casualty insurance. We are unaware of any loss exposures that may need specialized coverages traditionally excluded in property and casualty insurance.

The Housing Authority of the City of Longview is a member of Housing Authorities Risk Retention Pool (HARRP). Utilizing Chapter 48.62 RCW (self-insurance regulation) and chapter 39.34 (Interlocal Cooperation Act), fifty-five public housing authorities in the states of Washington, Oregon, California originally formed HARRP in March 1987. HARRP was created for the purpose of providing a pooling mechanism for jointly purchasing insurance, jointly self insuring, and or jointly contracting for risk management services. HARRP is a U.S. Department of Housing and Urban Development (HUD) approved self-insurance entity for utilization by public housing authorities. HARRP has a total of ninety member/owner housing authorities in the states of Washington, Oregon, California and Nevada. Thirty-six of the ninety members are Washington public housing entities.

New Members are underwritten at their original membership and thereafter automatically renew on an annual basis. Members may quit upon giving notice to HARRP prior to their renewal date. Members terminating membership are not eligible to rejoin HARRP for three years. HARRP can terminate the members after giving a sixty (60) 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 and 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. The Property coverage offered by HARRP is on a replacement cost basis, with deductibles ranging from \$1,000 to \$25,000. (Due to special underwriting circumstances, some members may be subject to greater deductibles and E&O co-payments).

Fidelity coverage is also offered, with limits of \$100,000 (with options up to \$500,000) for employee dishonesty, forgery or alteration and \$10,000 for theft with deductibles similar to the retention on Property.

Coverage limits for General Liability, as well as Errors and Omissions are \$2,000,000 per occurrence and \$2,000,000 annual aggregate. Property limits are offered on an agreed amount, based on each structure's value. Limits for Automobile Liability are covered at \$1,000,000/\$1,000,000.

HARRP self insures the full layer of coverages for liability lines. There is no purchased reinsurance above those limits. For Property, HARRP retains \$2,000,000 and purchases \$63,000,000 of excess insurance from St Paul/Travelers Insurance Company for a combined total of \$65,000,000. The HARRP Board of Directors determines the limits and coverage terms, at its sole discretion.

HARRP provides loss control and claim services with in-house staff and retained third party contractors.

HARRP is fully funded by member assessments that are adjusted by the HARRP Board on the basis of independent actuarial studies. These assessments cover loss, loss adjustment expenses, excess insurance 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, 2009

Grantor/ Pass-Through Grantor Program Title	CFDA#	Other Identification Number	Direct Federal Expenditures	In-Direct Federal Expenditures	Total Federal Expenditures
<b>Department of Agriculture:</b>					
Rural Rental Housing Loans	10.415	56-15-911012000-16/56-51-911012000-28	172,298	-	172,298
Rural Rental Assistance Payments	10.427	56-15-911012000-16/56-51-911012000-28	462,313	-	462,313
<b>Total Department of Agriculture</b>			<b>634,611</b>	<b>-</b>	<b>634,611</b>
<b>Department of Housing &amp; Urban Development:</b>					
Home Investment Partnerships Program	14.239				
Longview/Kelso Consortium		Drug Court		43,726	
Longview/Kelso Consortium		Domestic Violence		26,808	
Washington Dept of Commerce		08-47101-116		239,880	
Washington Dept of Commerce		08-47101-117		149,659	
Longview/Kelso Consortium		Share		46,400	
<b>Total Home</b>				<b>506,473</b>	<b>506,473</b>
Housing Opportunities for Persons with AIDS	14.241	03-42803-007		82,279	82,279
Washington Dept of Commerce			-	-	74,202
Lower Income Housing Assistance Program	14.856	WA007MR0001	74,202	-	74,202
Housing Choice Vouchers	14.871	WA007VO	7,343,966	-	7,343,966
<b>Total Department of Housing &amp; Urban Development</b>			<b>7,418,168</b>	<b>588,752</b>	<b>8,006,920</b>
<b>Department of Veterans Affairs</b>					
Veterans Per-Diem	64.024	08-90-WA	136,622	-	136,622
<b>Total Federal Assistance</b>			<b>\$ 8,189,401</b>	<b>\$ 588,752</b>	<b>\$ 8,778,153</b>

HOUSING AUTHORITY OF THE CITY OF LONGVIEW  
Notes to the Schedule of Expenditures of Federal Awards  
For the year ended September 30, 2009

Note 1 – BASIS OF ACCOUNTING

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

Note 2 – PROGRAM COSTS

Except as noted in the next paragraph the amounts shown as current year expenditures represent only the federal grant portion of the program costs. Entire program costs, including the Authority's portion, are more than shown.

The amounts shown on the schedule for the Housing Choice Voucher program (CFDA 14.871) represent amounts expended by the Authority. Actual receipts of the grant funds during the period were \$7,270,333.

Note 3 – FEDERAL LOANS

The Authority was approved by the U. S. Department of Agriculture to receive loans totaling \$3,952,167 to develop, acquire and renovate low income housing. The amount listed includes loans proceeds received and the outstanding loan balance.

Purpose	Original Amount	Outstanding Amount
Purchase 61 units of senior housing	\$ 1,438,736	\$ 1,299,804
Purchase 39 units of elderly/disabled housing	1,238,636	1,013,147
Purchase 16 units of family housing	99,743	96,928
	242,569	235,721
Purchase 35 units of family housing	360,748	350,563
	571,735	555,595
	\$ 3,952,167	\$ 3,551,758

Note 4 – AMOUNTS AWARDED TO SUBRECIPIENTS

Included in the total amount expended for this program (CFDA 14.241) is \$80,380 that was passed through to sub recipients that administered their own projects.

# Entity Wide Balance Sheet Summary

WA007      09/30/2009      Audited/A-133

	1	14,871	10,427	14,239	14,241	9	Subtotal	ELIM	Total
111 Cash - Unrestricted	236,850	137,608	390,549	36,251					
111 Cash - Unrestricted							806,249		806,249
112 Cash - Restricted - Modernization and Development									
112 Cash - Restricted - Modernization and Development									
113 Cash - Other Restricted	233,940	466,756	80,187						
113 Cash - Other Restricted							780,883		780,883
114 Cash - Tenant Security Deposits	64,865		36,289	1,500					
114 Cash - Tenant Security Deposits							102,654		102,654
115 Cash - Restricted for Payment of Current Liabilities		112,854							
115 Cash - Restricted for Payment of Current Liabilities							112,854		112,854
100 Total Cash	535,655	717,218	507,025	37,751	-	-	1,802,640	-	1,802,640
100 Total Cash									
121 Accounts Receivable - PHA Projects									
121 Accounts Receivable - PHA Projects									
122 Accounts Receivable - HUD Other Projects									
122 Accounts Receivable - HUD Other Projects									
122 Accounts Receivable - HUD Other Projects									
122 Accounts Receivable - HUD Other Projects									
124 Accounts Receivable - Other Government	272,420	609	38,120	34,063	8,900	31,519			
124 Accounts Receivable - Other Government									
125 Accounts Receivable - Miscellaneous	107,298	1,090		7,093			385,631		385,631
125 Accounts Receivable - Miscellaneous									
125 Accounts Receivable - Miscellaneous									
125 Accounts Receivable - Miscellaneous									
126 Accounts Receivable - Tenants	5,728		440				6,168		6,168
126 Accounts Receivable - Tenants									
126.1 Allowance for Doubtful Accounts - Tenants	(991)								
126.1 Allowance for Doubtful Accounts - Tenants							(991)		(991)
126.2 Allowance for Doubtful Accounts - Other									
126.2 Allowance for Doubtful Accounts - Other									
127 Notes, Loans, & Mortgages Receivable - Current									
127 Notes, Loans, & Mortgages Receivable - Current									
128 Fraud Recovery		15,766					15,766		15,766
128 Fraud Recovery									
128.1 Allowance for Doubtful Accounts - Fraud		(5,987)							
128.1 Allowance for Doubtful Accounts - Fraud									

128	Allowance for Doubtful Accounts - Fraud								(5,987)	(5,987)	
129	Accrued Interest Receivable										
129	Accrued Interest Receivable										
120	Total Receivables, Net of Allowances for Doubtful Accounts	384,455	11,478	38,560	41,156	8,900	31,519				
120	Total Receivables, Net of Allowances for Doubtful Accounts								516,068	-	516,068
131	Investments - Unrestricted										
131	Investments - Unrestricted										
132	Investments - Restricted	653,951		72,061							
132	Investments - Restricted								726,012		726,012
135	Investments - Restricted for Payment of Current Liability										
142	Prepaid Expenses and Other Assets	1,588	598	264	37		720				
142	Prepaid Expenses and Other Assets										
143	Inventories								3,211		3,211
143	Inventories										
143.1	Allowance for Obsolete Inventories										
143.1	Allowance for Obsolete Inventories										
144	Inter Program Due From	276,424									
144	Inter Program Due From										
145	Assets Held for Sale				346,416				276,424	(276,424)	-
145	Assets Held for Sale										
145	Assets Held for Sale								346,416		346,416
150	Total Current Assets	1,852,073	729,294	617,910	425,360	8,900	32,239				
150	Total Current Assets										
150	Total Current Assets								3,670,771	(276,424)	3,394,347
161	Land										
161	Land	986,159		572,737							
161	Land										
162	Buildings	11,370,577		5,597,699					1,558,896		1,558,896
162	Buildings										
162	Buildings										
163	Furniture, Equipment & Machinery - Dwellings	14,301							16,968,276		16,968,276
163	Furniture, Equipment & Machinery - Dwellings										
163	Furniture, Equipment & Machinery - Dwellings								14,301		14,301
164	Furniture, Equipment & Machinery - Administration	127,887	88,162	13,805							
164	Furniture, Equipment & Machinery - Administration										
164	Furniture, Equipment & Machinery - Administration								229,854		229,854
165	Leasehold Improvements	2,716,656	10,397								
165	Leasehold Improvements										
165	Leasehold Improvements										
166	Accumulated Depreciation	(3,593,302)	(56,914)	(1,191,171)					2,727,053		2,727,053
166	Accumulated Depreciation										
166	Accumulated Depreciation										

166 Accumulated Depreciation										(4,841,387)	(4,841,387)
167 Construction in Progress											
168 Infrastructure											
169 Total Capital Assets, Net of Accumulated Depreciation	11,622,278	41,645	4,993,070	-	-	-	-	-	-	16,656,993	16,656,993
170 Total Capital Assets, Net of Accumulated Depreciation											
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	234,755				20,511						
175 Investments in Joint Ventures										255,266	255,266
176 Investments in Joint Ventures											
177 Total Non-Current Assets	11,857,033	41,645	5,013,581	-	-	-	-	-	-		
180 Total Non-Current Assets										16,912,259	16,912,259
190 Total Assets	13,709,106	770,939	5,631,491	425,360	8,900	32,239					
200 Total Assets										20,583,030	20,583,030
311 Bank Overdraft											
312 Accounts Payable <= 90 Days	308,947	152	17,986	5,042	3,180	30					
313 Accounts Payable >90 Days Past Due										335,337	335,337
321 Accrued Wage/Payroll Taxes Payable	50,778	34,882	12,207	4,641	255	7,077					
322 Accrued Compensated Absences - Current Portion	3,750	1,113	563	121	6	269				110,095	110,095
323 Accrued Compensated Absences - Current Portion											
324 Accrued Contingency Liability										5,828	5,828
325 Accrued Interest Payable	210,182										
326 Total Liabilities											

325	Accrued Interest Payable										233,968	233,968					
331	Accounts Payable - HUD PHA Programs																
	null																
331	Accounts Payable - HUD PHA Programs																
332	Account Payable - PHA Projects																
	null																
332	Account Payable - PHA Projects																
333	Accounts Payable - Other Government																
	null																
333	Accounts Payable - Other Government																
341	Tenant Security Deposits	64,868		36,289	1,500												
	null																
341	Tenant Security Deposits																
342	Deferred Revenues	41,627		4,939													
	null																
342	Deferred Revenues																
343	Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds	275,650		84,405													
	null																
343	Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds																
344	Current Portion of Long-term Debt - Operating Borrowings																
	null																
344	Current Portion of Long-term Debt - Operating Borrowings																
345	Other Current Liabilities		112,854														
	null																
345	Other Current Liabilities																
346	Accrued Liabilities - Other		445														
	null																
346	Accrued Liabilities - Other																
347	Inter Program - Due To	117,577		119,794	10,500												
	null																
347	Inter Program - Due To																
348	Loan Liability - Current			209,092													
	null																
348	Loan Liability - Current																
310	Loan Liability - Current																
310	Total Current Liabilities	1,073,824	149,001	180,175	340,190	13,941	35,929										
	null																
310	Total Current Liabilities																
351	Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	12,388,107		5,235,404													
	null																
351	Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue																
352	Long-term Debt, Net of Current - Operating Borrowings																
	null																
352	Long-term Debt, Net of Current - Operating Borrowings																
353	Non-current Liabilities - Other																
	null																
353	Non-current Liabilities - Other																
354	Accrued Compensated Absences - Non Current	33,801	10,021	5,069	1,091	57	2,422										
	null																
354	Accrued Compensated Absences - Non Current																
355	Loan Liability - Non Current																
	null																
355	Loan Liability - Non Current																
356	FASB 5 Liabilities																
	null																
356	FASB 5 Liabilities																





# Entity Wide Revenue and Expense Summary

WA007 09/30/2009 Audited

	1	14,871	10,415	10,427	14,239	14,241	9	8	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	1,465,965			392,432							
70300 Net Tenant Rental Revenue									1,858,397		1,858,397
70400 Tenant Revenue - Other	72,435			43,422							
70400 Tenant Revenue - Other									115,857		115,857
70500 Total Tenant Revenue	1,538,400			435,854					1,974,254		1,974,254
70600 HUD PHA Operating Grants		7,270,333									
70600 HUD PHA Operating Grants									7,270,333		7,270,333
70610 Capital Grants											
70810 Capital Grants											
70710 Management Fee											
70710 Management Fee											
70720 Asset Management Fee											
70720 Asset Management Fee											
70730 Book Keeping Fee											
70730 Book Keeping Fee											
70740 Front Line Service Fee											
70740 Front Line Service Fee											
70750 Other Fees											
70750 Other Fees											
70760 Total Fee Revenue											
70760 Total Fee Revenue											
70800 Other Government Grants	602,457		172,298	462,313	675,174	82,279	136,622				
70800 Other Government Grants									2,205,345		2,205,345
71100 Investment Income - Unrestricted	3,440	261		810	20						
71100 Investment Income - Unrestricted									4,540		4,540
71200 Mortgage Interest Income											
71300 Proceeds from Disposition of Assets Held for Sale					502,720						
71300 Proceeds from Disposition of Assets Held for Sale									502,720		502,720
71310 Cost of Sale of Assets					(498,842)						
71400 Fraud Recovery		20,795							(498,842)		(498,842)
71400 Fraud Recovery											
71500 Other Revenue	917,595	294,843		25,800					20,795		20,795
71500 Other Revenue											
71600 Gain or Loss on Sale of Capital Assets									1,238,238	(630,299)	707,939
71600 Gain or Loss on Sale of Capital Assets											
72000 Investment Income - Restricted	5,717	763		328							
72000 Investment Income - Restricted											

70000 Total Revenue	3,067,609	7,586,995	172,298	889,305	704,872	82,279	136,622	6,808	6,808			
70000 Total Revenue								12,724,191	(630,299)			12,193,892
91100 Administrative Salaries	432,839	267,364		12,004	15,106	2,376	22,697					
91100 Administrative Salaries								754,761				754,761
91200 Auditing Fees	3,942	12,660		8,172	575	230	460					
91200 Auditing Fees								26,269				26,269
91300 Management Fee	91,205	300,600		88,445	21,765		31,423					
91300 Management Fee								536,246	(630,299)			5,947
91310 Book-keeping Fee	1,755											
91310 Book-keeping Fee								1,755				1,755
91400 Advertising and Marketing	12,477	1,231		5,026			28					
91400 Advertising and Marketing								18,762				18,762
91500 Employee Benefit Contributions - Administrative	137,496	94,613		5,236	5,481	841	8,782					
91500 Employee Benefit Contributions - Administrative								253,290				253,290
91600 Office Expenses	79,345	48,260		7,984	2,739	86	6,077					
91600 Office Expenses								144,616				144,616
91700 Legal Expense	1,498											
91700 Legal Expense								1,498				1,498
91800 Travel	4,539	3,928		2,788	566		1,433					
91800 Travel								13,277				13,277
91810 Allocated Overhead												
91810 Allocated Overhead												
91810 Allocated Overhead	47,185	2,412		5,806	5,540	4	1,900					
91810 Allocated Overhead												
91900 Other												
91900 Other								62,859				62,859
91900 Other												
91900 Total Operating - Administrative	812,281	731,088		135,463	51,772	3,537	72,800					
91900 Total Operating - Administrative								1,813,333	(630,299)			1,283,034
92000 Asset Management Fee												
92000 Asset Management Fee												
92000 Asset Management Fee	14,005	59,449			11,842		33,831					
92100 Tenant Services - Salaries												
92100 Tenant Services - Salaries								119,127				119,127
92200 Relocation Costs												
92200 Relocation Costs												
92300 Employee Benefit Contributions - Tenant Services	4,016	15,684			2,911		11,615					
92300 Employee Benefit Contributions - Tenant Services								34,226				34,226
92400 Tenant Services - Other	8,571	10,188			171,012	80,380	17,930					
92400 Tenant Services - Other								288,063				288,063
92500 Total Tenant Services	29,592	85,301			185,765	80,380	63,376					
92500 Total Tenant Services								441,416				441,416
93100 Water	36,756			28,711								
93100 Water								65,469				65,469
93200 Electricity	40,832			22,862								







11030 Beginning Equity										525,418	525,418
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	179,097	125		(80)	(63,455)	(0)		(132,079)			
11050 Changes in Compensated Absence Balance										(6,453)	(6,453)
11060 Changes in Contingent Liability Balance											
11070 Changes in Contingent Liability Balance											
11080 Changes in Unrecognized Pension Transition Liability											
11090 Changes in Unrecognized Pension Transition Liability											
11100 Changes in Allowance for Doubtful Accounts - Other											
11110 Administrative Fee Equity		135,711									
11120 Administrative Fee Equity		476,206							135,711		135,711
11130 Housing Assistance Payments Equity											
11140 Housing Assistance Payments Equity	4,710	15,444	1,812		1,092					476,206	476,206
11150 Unit Months Available											
11160 Number of Unit Months Available	4,500	15,251	1,787		1,090				23,202		23,202
11170 Excess Cash											
11180 Excess Cash											
11190 Land Purchases											
11200 Land Purchases											
11210 Building Purchases											
11220 Building Purchases											
11230 Furniture & Equipment - Dwelling Purchases											
11240 Furniture & Equipment - Dwelling Purchases											
11250 Furniture & Equipment - Administrative Purchases											
11260 Furniture & Equipment - Administrative Purchases											
11270 Household Improvements Purchases											
11280 Household Improvements Purchases											
11290 Infrastructure Purchases											
11300 Infrastructure Purchases											
11310 CFPP Debt Service Payments											
11320 CFPP Debt Service Payments											
11330 Replacement Housing Factor Funds											
11340 Replacement Housing Factor Funds											
11350 Replacement Housing Factor Funds											



## **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 employees are located around the state to deliver our services effectively and efficiently.

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 and fraud, whistleblower and citizen hotline investigations.

The results of our work are widely distributed through a variety of reports, which are available on our Web site and through our free, electronic subscription service. 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 quality assurance program.

**State Auditor**  
**Chief of Staff**  
**Deputy Chief of Staff**  
**Chief Policy Advisor**  
**Director of Audit**  
**Director of Special Investigations**  
**Director for Legal Affairs**  
**Director of Quality Assurance**  
**Local Government Liaison**  
**Communications Director**  
**Public Records Officer**  
**Main number**  
**Toll-free Citizen Hotline**

**Brian Sonntag, CGFM**  
**Ted Rutt**  
**Doug Cochran**  
**Jerry Pugnetti**  
**Chuck Pfeil, CPA**  
**Jim Brittain, CPA**  
**Jan Jutte, CPA, CGFM**  
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