

HOUSING AUTHORITY OF THE CITY OF LONGVIEW
FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2014



Loveridge Hunt & Co., PLLC
CERTIFIED PUBLIC ACCOUNTANTS

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Housing Authority of the City of Longview

Schedule of Findings and Questioned Costs

Year Ended SEPTEMBER 30, 2014

SECTION I - SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ Yes X No

- Significant deficiency(ies) identified that are not considered to be material weaknesses _____ Yes X No

Noncompliance material to financial statements _____ Yes X No

FEDERAL AWARDS

Internal control over major programs:

- Material weakness(es) identified? _____ Yes X No

- Significant deficiency(ies) identified that are not considered to be material weaknesses _____ Yes X No

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133? _____ Yes X No

Identification of major program:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.415	Rural Rental Housing Loans
10.427	Rural Rental Assistance Payments
14.871	Section 8 Housing Choice Vouchers

Housing Authority of the City of Longview

Schedule of Findings and Questioned Costs - (Continued)

Year Ended September 30, 2014

SECTION I - SUMMARY OF AUDITOR'S RESULTS - (Continued)

Dollar threshold used to distinguish between

Type A and Type B programs:

\$ 300,000

Auditee qualified as low-risk auditee:

 Yes X No

SECTION II - FINANCIAL STATEMENT FINDINGS

No findings were noted.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No findings were noted.

Housing Authority of the City of Longview

Schedule of Prior Federal Findings and Questioned Costs

For the Year Ended September 30, 2014

The following presents the status of the federal finding reported in the September 30, 2013 audit. The status listed below is the representation of the Housing Authority. Loveridge Hunt & Co., PLLC has reviewed the status.

Finding 2013-1: During our tests of compliance over the HCV program, we noted that the Authority did not perform the annual HQS inspections for 125 units. The Authority did not perform the required annual inspections due to lack of fundings and shortage of staff. As a cost saving measure, the Authority decided not to perform the annual HQS inspections for 125 of the units.

CFDA Number/Federal Program/Granting Agency: 14.871

Criteria: The public housing authority ("PHA") must inspect the unit leased to a family at least annually to determine if the unit meets Housing Quality Standards (HQS) and the PHA must conduct quality control re-inspections. The PHA must prepare a unit inspection report (24 CFR sections 982.158(d) and 982.405(b)).

Status: Fully corrected

Corrective Action Taken: All of the HQS inspections have been performed by the Housing Authority.



Loveridge Hunt & Co., PLLC
CERTIFIED PUBLIC ACCOUNTANTS

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

Board of Commissioners
Housing Authority of the City of Longview
Longview, Washington

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the business-type activities and the aggregate discretely presented component unit of the Housing Authority of the City of Longview (the Authority) as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated February 2, 2015.

Internal Control Over Financial Reporting

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

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Purpose of this Report

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

Loreidze Hunt & Co, PLLC

Bellevue, Washington
February 2, 2015



Loveridge Hunt & Co., PLLC
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Board of Commissioners
Housing Authority of the City of Longview
Longview, Washington

Report on Compliance for Each Major Federal Program

We have audited the Housing Authority of the City of Longview's (the Authority) compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement that could have a direct and material effect on each of the Authority's major federal programs for the year ended September 30, 2014. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Authority's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and 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 Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133 - (CONTINUED)

Opinion on Each Major Federal Program

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2014.

Report on Internal Control Over Compliance

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 Authority's internal control over compliance.

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

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133 - (CONTINUED)

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Lovidge Hunt & Co, PLLC".

Bellevue, Washington
February 2, 2015



Loveridge Hunt & Co., PLLC
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

Board of Commissioners
Housing Authority of the City of Longview
Longview, Washington

Report on Financial Statements

We have audited the accompanying financial statements of the business-type activities and the aggregate discretely presented component unit of the Housing Authority of the City of Longview (the Authority), as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the Authority's financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS - (CONTINUED)

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities and the aggregate discretely presented component unit of the Authority as of September 30, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 11 to the financial statements, the Authority has changed its method of accounting for certain items that were previously reported as assets and liabilities due to the adoption of Governmental Accounting Standards Board (GASB) Statement No. 65, *Items Previously Reported as Assets and Liabilities*. The Authority retroactively adopted GASB 65 on October 1, 2013. Our opinion is not modified with respect to this matter.

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS - (CONTINUED)

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 14 to 22 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operation, economic or historical context. We have applied certain limited procedures to the required supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinion on the financial statements that collectively comprise the Authority's basic financial statements. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The Financial Data Schedule is presented for the purpose of additional analysis as required by HUD, and is also not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards accepted in United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS - (CONTINUED)

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated February 2, 2015, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters for the year ended September 30, 2014. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Authority's internal control over financial reporting and compliance.

Loveidge Hunt & Co., PLLC

Bellevue, Washington
February 2, 2015

FINANCIAL SECTION

HOUSING AUTHORITY OF THE CITY OF LONGVIEW
Management's Discussion and Analysis
September 30, 2014

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.

The financial performance discussed in the following analyses does not include the tax credit partnership. The tax credit partnership is owned by separate limited partnerships with the Authority acting as the general partner. This separate legal entity is not carried directly on the books of the Authority but is listed as a component unit in the Authority’s financial statements and is detailed in portions of the notes to the financial statements (Note 1, Note 3, Note 4, Note 5, Note 7, Note 11, and Note 12). With those exceptions, neither this unit, nor its financial data, are included in the analysis and financial reports of the MD&A.

Financial Highlights

- The Authority’s overall cash position increased by \$375 thousand (33%) during the year. Unrestricted cash and cash equivalents increased by \$296 thousand (152%). Unrestricted cash and equivalents were \$490 thousand at year end. Restricted cash and cash equivalents increased by \$80 thousand (8.4%). Restricted cash and equivalents were \$1.0 million at year end.
- The Authority’s assets exceeded liabilities (net position) at the close of the fiscal year by \$2.8 million, which is an increase of \$272 thousand (11%) during the year. This increase is mostly due to grants for development activities.
- The Authority maintained average occupancy rate of 97% across all projects. In our housing assistance programs, reduced Federal funding in the Housing Choice Voucher program forced a 7% reduction in the number of families served.
- The Authority revenues increased by \$991 thousand (8.8%) during the year. Revenues were \$12 million and \$11 million for FY2014 and FY2013, respectively. Operating revenues increased \$100 thousand and non-operating revenues increased by \$708 thousand. The increase in operating revenues is mostly due to developers fees for the Lilac Place tax credit project and increases in non-operating revenues are due to additional grants for veterans and capital projects.
- The total expenses of all Authority programs increased by \$150 thousand (1.3%). Total expenses were \$11.9 million and \$11.7 million for FY2014 and FY2013, respectively.
- Construction in progress was \$699 thousand at year end and consisted of three projects. The Stratford project is being redeveloped as permanent housing for homeless veterans and had a

HOUSING AUTHORITY OF THE CITY OF LONGVIEW
Management's Discussion and Analysis
September 30, 2014

balance of \$633 thousand. The 33rd project is being redeveloped as transitional housing for homeless veterans and had a balance of \$15 thousand. The Hemlock project is being redeveloped with both transitional and permanent housing for homeless veterans and had a balance of \$51 thousand. During the year \$1.3 million of construction in progress was transferred to Lilac Place, LLLP along with related liabilities.

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

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

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

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

The Authority-wide financial statements also include a Statement of Revenues, Expenses and Changes in Fund Net Position (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 Position is the "Change in Net Assets", which is similar to Net Income or Loss.

HOUSING AUTHORITY OF THE CITY OF LONGVIEW
Management's Discussion and Analysis
September 30, 2014

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 statements consist exclusively of a single Enterprise Fund and use 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 presents the condensed **Statement of Net Position** compared to prior year.

Statement of Net Position	9/30/2014	9/30/2013
Current and Other Assets	\$ 1,889,199	\$ 1,560,540
Non-current and Capital Assets	14,930,048	16,323,916
Total Assets	<u>\$ 16,819,247</u>	<u>\$ 17,884,456</u>
Current Liabilities	\$ 1,688,024	\$ 2,815,926
Long-term Liabilities	12,363,457	12,572,659
Total Liabilities	<u>14,051,481</u>	<u>15,388,585</u>
Net Assets:		
Invested in Capital Assets, Net of Related Debt	812,923	1,531,594
Restricted Cash and Investments	911,913	873,354
Unrestricted	1,042,930	90,923
Total Net Position	<u>2,767,766</u>	<u>2,495,871</u>
Total Net Position and Liabilities	<u>\$ 16,819,247</u>	<u>\$ 17,884,456</u>

The Authority's current assets exceed current liabilities by \$201 thousand, for a current ratio of 1.2. The current ratio is a measure of the ability to pay debts as they become due.

HOUSING AUTHORITY OF THE CITY OF LONGVIEW
Management's Discussion and Analysis
September 30, 2014

As of September 30, 2014, the Authority had \$1.0 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 increased by \$80 thousand (8.4%) from a balance of \$952 thousand at the beginning of the fiscal year. The restricted cash and investments balance is made up of several accounts including: \$73 thousand for tenant security deposits, \$186 thousand for excess Housing Assistance Payment reserves, \$51 thousand for escrow accounts, \$184 thousand for development funds, and \$466 thousand for required replacement reserves.

The Authority's net position increased in FY2014 by \$272 thousand (11%) ending the year at \$2.8 Million. With respect to the total assets of \$17 million, 83% 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.

HOUSING AUTHORITY OF THE CITY OF LONGVIEW
Management's Discussion and Analysis
September 30, 2014

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

Statement of Revenues, Expenses and Changes in Net Position	2014	2013
Revenues		
Operating		
Tenant Revenue	\$1,464,175	\$1,342,016
Other	583,855	605,923
Non-Operating		
Government Operating Subsidies and Grants	9,578,484	9,192,251
Gain on Sale of Fixed Assets	36,067	-
Investment Income	18,760	179
Other	266,808	
Total Revenue	11,948,149	11,140,369
Expenses		
Operating		
Administrative	1,519,900	1,434,811
Tenant Services	640,706	413,382
Utilities	346,105	305,056
Ordinary Maintenance and Operations	745,654	693,604
Housing Assistance Payments	7,414,269	7,675,067
Depreciation and Amortization	486,142	476,084
Other General Expenses	182,889	130,741
Non-Operating		
Interest and Others	517,080	574,284
Total Expenses	11,852,745	11,703,029
Excess (Deficiency) of Revenues over Expenses	95,404	(562,660)
Capital Grants and Contributions	255,000	71,461
Special Items	-	-
Transfers	-	-
Change in Net Position	350,404	(491,199)
Change in Accounting Policy	(78,509)	-
Net Position, Beginning of year	2,495,871	2,987,070
Net Position, End of Year	\$2,767,766	\$2,495,871

HOUSING AUTHORITY OF THE CITY OF LONGVIEW
Management's Discussion and Analysis
September 30, 2014

The Authority's total revenues increased during the year by \$991 thousand (8.8%). The material non-reoccurring changes in the revenue stream during the year include \$266 thousand in developers fees and two grants in support of development activities totaling \$593 thousand. In addition new grant funding in support of homeless veterans totaled \$381 thousand. These increases were offset by a \$200 thousand decrease in funding from the HUD Housing Choice Voucher program and a \$109 thousand decrease in HUD HOME funds. Rental income increased 9.1% or \$122 thousand. This increase comes from rent increases and better occupancy of available units.

Operating expenses increased 1.9% or \$207 thousand from the prior year. The increase is attributed to an increase in spending (\$227,342) for services to Veterans. This is the first full year for the 'Supportive Services for Veterans Families' grant from the Veterans Administration:

- Administration increased \$85 thousand or 5.9%,
- Tenant Services increased \$227 thousand or 55%,
- Utilities increased \$41 thousand or 14%,
- Ordinary Maintenance and Operations increased \$52 thousand or 7.5%,
- Housing Assistance Payments (for all programs) decreased by \$261 thousand or 3.4%,
- Depreciation and Amortization increased by \$10 thousand or 2.1%, and
- Other general expenses increased by \$52 thousand or 40%

Non-operating expenses decreased by \$57 thousand or 10%. This is due to development activities and the necessity to clear liens prior to construction.

Capital Asset and Long-Term Debt Activity

Capital Assets

During the current fiscal year the Authority had the following significant changes in capital assets:

- Land decreased by \$372 thousand mainly because the Authority donated a parcel of land to the Lilac Place, LLLP in support of the development of a 38 unit tax credit project.
- Construction in Progress decreased by \$2.1 million as a result of transferring development assets (\$1.9 million) and related liabilities to Lilac Place, LLLP (a tax credit project) and the completion of 17th Ave. (\$158 thousand, a home ownership project sold in 2014) and the renovations of the Beechwood apartments (\$93 thousand).

HOUSING AUTHORITY OF THE CITY OF LONGVIEW
Management's Discussion and Analysis
September 30, 2014

As of the year end, the Authority had \$14 million invested in a variety of capital assets and construction work in progress as reflected in the following schedule, which represents a net decrease of \$2.1 million from the end of last year.

Change in Capital Assets	2014	2013	Net Change
Land	\$ 1,505,362	\$ 1,876,932	\$ (371,570)
Construction in progress	698,726	2,033,093	(1,334,367)
Building, improvements & fixtures	13,835,245	13,788,759	46,486
Leasehold improvements	2,727,052	2,727,053	(1)
Machinery, vehicles & equipment	241,380	226,589	14,791
Less accumulated depreciation	(5,131,040)	(4,709,922)	(421,118)
Total capital assets (net)	\$ 13,876,725	\$ 15,942,504	\$ (2,065,779)

Long-Term Debt

The Housing Authority's long-term debt consists of loans, notes, mortgages and revenue bonds issued for the purpose of acquisition and improvement of real property to provide housing for low income tenants. At September 30, 2014, the total liabilities reported by the Authority are \$14 million of which \$12 million are classified as long-term and \$1.7 million are classified as current liabilities. For the long term liabilities \$72 thousand (Restricted Investments) have been set aside for debt service payments.

Payments of \$501 thousand were made on outstanding bond, mortgage and note principal during the year. Please refer to Note 5 – Capital Assets and Note 11 - Long Term Debt and Liabilities in the Notes to the Financial Statements for more detailed information.

Economic Factors Affecting the Authority

The Authority depends on funding from HUD for Housing Choice Voucher program, USDA, VA and Washington State to fund much of its administrative needs. In addition, the Authority operates multiple affordable housing properties located in Cowlitz, Lewis, Wahkiakum and Pacific Counties in Washington. Future operations could be affected by changes in federal low-income housing subsidies; economic or other changes in the southwest Washington geographical area; or by changes in the demand for such affordable housing and related services.

HUD's funding of federal low-income housing subsidies is dependent on congressional appropriations and related budget prioritizations. Federal budget cuts enacted in prior years and expected to occur in future periods, represent the greatest on-going economic challenge for the Authority. The following funding impacts from such actions were experienced in 2013 and 2014 and are expected for 2015:

HOUSING AUTHORITY OF THE CITY OF LONGVIEW
Management's Discussion and Analysis
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- The administrative cost portion of the Housing Choice Voucher program funding was funded at 69% of eligibility during 2013 and 79.5% of eligibility during 2014. Funding for 2015 is not expected to improve.
- The Section 8 Housing Choice Voucher program Housing Assistance Payments was funded at 94% of eligibility during 2013 and 99% of eligibility in 2014. Funding for 2015 is not expected to change.

The Authority has responded to these on-going challenges of Federal budget reductions for low-income housing programs in part by reducing costs. The Authority is also developing new programs and seeking funding from other sources. In particular the Veterans Administration has provided additional funds providing housing for homeless veterans, and the Low Income Housing Tax Credit program has brought infusions of capital funding for construction of new affordable housing units through equity contributions by the investors of those partnerships. The investors provided equity contributions to the partnership so that they could then benefit from the federal income tax credits awarded to those projects.

Local inflationary, recessionary, and in particular employment trends, can affect resident incomes and therefore the amount of rental incomes received by the Authority, as well as the amount of Housing Assistance Payments paid out by the Authority. Unemployment in the Longview, Washington metropolitan statistical area decreased 1.8% from 8.8% in September 2013 to 7.0% in September 2014 according to the U.S. Bureau of Labor Statistics (www.bls.gov).

Other Potentially Significant Matters

The Authority is in the process of redeveloping the Stratford Apartments. The renovations include the addition of an elevator, a solar hot water system, fire and safety upgrades, energy efficient windows, air conditioning and an on-site laundry facility. The twenty units will be remodeled and dedicated to housing homeless veterans in the Authority's jurisdiction. The Authority has applied for and received a \$489,000 Economic Development Initiative – Special Projects grant and a \$189,600 Home grant from the City of Longview. Additionally the Washington State Department of Commerce (DOC) has committed an additional \$800 thousand for the renovations. As of September 30, 2013 an elevator, the solar hot water system and fire and safety upgrades have been completed. All grants have been expended except the \$800,000 grant from the DOC which is still in process. The DOC grant funds window replacement and air conditioning in the building. This final phase of construction began in February 2014 and should be completed in December 2014.

In 2011, the Authority formed a limited partnership with Lilac Place GP LLC (“the Partnership”). The Partnership applied and received a tax credit allocation to develop a thirty eight unit apartment complex in Woodland. The Authority has applied for and been approved for funding from Clark County. The funding is in the form of a \$425,000 loan (\$200,000 is forgivable) from the Clark County's Home funds. On October 3, 2013, the U.S. Bankcorp Community Development Corporation was admitted to the partnership as the substitute limited partner. As a result, the authority transferred \$1,839,227 in assets and related liabilities to the partnership and made

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additional equity contributions to the project. Construction began in September of 2013 and was completed June of 2014. U.S. Bankcorp provided construction financing. The Washington Community Reinvestment Association has agreed to provide permanent financing of approximately \$900 thousand. Permanent financing is anticipated to occur in January 2015.

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 820 11th Ave., Longview, WA 98632. The telephone number is (360) 423-0140 x 16.

Housing Authority of the City of Longview

Statement of Net Position

September 30, 2014

	<u>Authority</u>	<u>Component Unit</u>
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 490,025	\$ 65,943
Receivables (Net)	421,053	-
Inventory	1,024	-
Prepayments	16,793	-
Restricted Assets:		
Tenant Security Deposits	73,394	-
Replacement Reserves	466,008	-
Development	183,836	-
Escrows	51,057	-
Housing Assistance Payments	186,009	-
Total Current Assets	<u>1,889,199</u>	<u>65,943</u>
Noncurrent Assets		
Loans Receivable	310,285	-
Notes Receivable	404,467	-
Restricted Assets		
Investments	72,060	-
Investment in Tax Credit Partnership	266,511	-
Capital Assets		
Land	1,505,362	260,000
Buildings	16,562,297	-
Equipment	241,380	-
Construction in Progress	698,726	3,540,513
Less Accumulated Depreciation	(5,131,040)	-
Total Capital Assets (Net)	<u>13,876,725</u>	<u>3,800,513</u>
	-	-
Total Non-Current Assets	<u>14,930,048</u>	<u>3,800,513</u>
TOTAL ASSETS	<u>\$ 16,819,247</u>	<u>\$ 3,866,456</u>

Housing Authority of the City of Longview

Statement of Net Position - (Continued)

September 30, 2014

	<u>Authority</u>	<u>Component Unit</u>
LIABILITIES		
Current Liabilities		
Accounts Payable	\$ 497,209	\$ 562,973
Accrued Liabilities	273,386	-
Current Portion of Long-Term Debt	744,810	1,676,403
Tenant Security Deposits	73,394	-
Unearned Revenue	45,455	-
Other Current Liabilities	53,770	-
Total Current Liabilities	<u>1,688,024</u>	<u>2,239,376</u>
Noncurrent Liabilities		
Compensated Absences	37,251	-
Long-Term Debt	12,326,206	379,467
Total Noncurrent Liabilities	<u>12,363,457</u>	<u>379,467</u>
TOTAL LIABILITIES	<u>14,051,481</u>	<u>2,618,843</u>
NET POSITION		
Invested in Capital Assets, Net of Related Debt	812,923	1,219,846
Restricted Net Assets	911,913	
Unrestricted Net Assets	1,042,930	27,767
TOTAL NET POSITION	<u>2,767,766</u>	<u>1,247,613</u>
TOTAL NET POSITION AND LIABILITIES	<u>\$ 16,819,247</u>	<u>\$ 3,866,456</u>

Housing Authority of the City of Longview
Statement of Revenues, Expenses, and Changes in Fund Net Position
For the Year Ended September 30, 2014

	<u>Authority</u>	<u>Component Unit</u>
OPERATING REVENUES		
Net Tenant Rental Revenue	\$ 1,387,809	\$ -
Tenant Revenue - Other	76,366	-
Other Revenue	583,855	-
Total Operating Revenue	<u>2,048,030</u>	<u>-</u>
OPERATING EXPENSES		
Administration	1,519,900	-
Tenant Services	640,706	-
Utilities	346,105	-
Ordinary Maintenance and Operations	745,654	-
Housing Assistance Payments	7,414,269	-
Depreciation and Amortization Expense	486,142	-
Other General Expenses	182,889	-
Total Operating Expenses	<u>11,335,665</u>	<u>-</u>
OPERATING INCOME (LOSS)	<u><u>\$ (9,287,635)</u></u>	<u><u>\$ -</u></u>
NONOPERATING REVENUES (EXPENSES)		
HUD Subsidies and Grant Revenue	7,244,734	-
Other Government Grants	2,333,750	-
Investment Income	18,760	-
Gain or loss on sale of capital asset	36,067	-
Casualty losses	427	-
Other Revenue	266,381	-
Interest Expense	(517,080)	-
Total NonOperating Revenues (Expenses)	<u>9,383,039</u>	<u>-</u>
Income before Contributions, Transfers, Extraordinary and special items	<u>95,404</u>	<u>-</u>
CONTRIBUTIONS	-	1,247,613
Capital Grants	<u>255,000</u>	<u>-</u>
CHANGE IN NET ASSETS	350,404	1,247,613
BEGINNING TOTAL NET POSITION - 10/1/2013	2,495,871	-
Change in Accounting Policy	(78,509)	-
BEGINNING TOTAL NET ASSETS RESTATED - 10/1/2013	<u>2,417,362</u>	<u>-</u>
ENDING TOTAL NET ASSETS POSITION - 9/30/2014	<u><u>\$2,767,766</u></u>	<u><u>\$1,247,613</u></u>

Housing Authority of the City of Longview

Statement of Cash Flows

For the Year Ended September 30, 2014

	Authority	Component Unit
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Tenants	\$ 1,466,647	\$ -
Payments to Employees	(1,966,164)	-
Payments to Suppliers	(1,457,335)	-
Housing Assistance Payments	(7,402,190)	-
Other Receipts (Payments)	525,165	-
Net Cash Used in Operating Activities	(8,833,878)	-
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Grant Receipts	9,627,102	-
Loan to Component Unit	(404,467)	-
Payments received from Component Unit	725,828	-
Net cash provided by noncapital financing activities	9,948,463	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital Contributions	255,000	1,247,613
Proceeds from Sale of Capital Assets	77,500	-
Sale (Purchase) of Capital Assets	(81,631)	(3,275,716)
Proceeds from Capital Debt	528,447	-
Proceeds (Payments) on Capital Debt	(1,020,448)	2,094,046
Interest Payments on Capital Debt	(499,410)	-
Net cash provided (used) by capital and related financing activities	(740,542)	65,943
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest and Dividends	1,384	-
Net Cash Provided by Investing Activities	1,384	-
Net Increase in Cash and Cash Equivalents	375,427	65,943
Cash at the Beginning of the Year	1,074,902	-
Cash at the End of the Year	\$ 1,450,329	\$ 65,943

NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES

During the year the Authority had significant noncash transactions that would have been reported if the transaction involved a cash exchange:

- A. A transfer of Construction in Progress of \$1,243,641 to the Component Unit.
- B. A transfer of Accounts Payable of \$1,243,641 to the Component Unit
- C. A transfer of Construction in Progress of \$250,413 to Buildings in Fixed Assets.
- D. The Authority had a transactions that resulted in the acquisition of capital asset of \$349,764 which was financed through accounts payable.
- E. Land in the value of \$260,000 was moved to Investment in Component Unit.
The Land was an equity contribution by the Authority to the Component Unit.
- F. The Component Unit had a transactions that resulted in the acquisition of capital asset of \$524,797 which was financed through accounts payable.

RECONCILIATION OF OPERATING INCOME (LOSS) TO NET

CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES

Operating Income (Loss)	\$ (9,287,635)	\$ -
Adjustments to Reconcile Operating Income (Loss) to Net Cash:		
Depreciation Expense & Amortization	486,142	-
Changes in Assets and Liabilities:		
Decrease (Increase) in Receivables	947	-
Decrease (Increase) in Investments	-	-
Decrease (Increase) in Prepaid Expenses	12,079	-
Decrease (Increase) in Inventories	1,994	-
Increase (Decrease) in Accounts Payable	30,321	-
Increase (Decrease) in Other Payables	(77,726)	-
Net Increase (Decrease) in Other Operating Net Assets	-	-
Total Adjustments	453,757	-
NET CASH PROVIDED (USED) IN OPERATING ACTIVITIES	\$ (8,833,878)	\$ -

HOUSING AUTHORITY OF THE CITY OF LONGVIEW

Notes to the Financial Statements
for the Year Ended September 30, 2014

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. The following is a summary of the most significant policies (including identification of those policies which result in departures from generally accepted accounting principles):

During the fiscal year ended September 30, 2014, two new accounting standards (Statement No. 67 and 70) issued by the GASB became effective and were implemented by the Housing Authority where necessary or applicable. These statements have not had a material impact on the Authority's financial statements.

a. Reporting Entity

The Authority is a municipal corporation governed by an appointed six member board. As required by generally accepted accounting principles, management has considered all potential component units in defining the reporting entity. These financial statements present the Authority and its component unit. The component unit discussed below is included in the Authority's reporting entity because of the significance of its operational and financial relationships with the Authority.

As required by generally accepted accounting principles, management has considered all potential component units in defining the reporting entity. These financial statements present the Authority (the primary government) and its component unit. The component unit discussed below is included in the Authority's reporting entity because of the significance of its operational or financial relationship with the Authority.

Discretely Presented Component Unit - The Housing Authority has one component unit, which met the criteria for discrete presentation in the Housing Authority's basic financial statements. A separate "Component Unit" column is presented in the financial statements to distinguish their balances and transactions from those of the primary government.

On November 29th, 2011, the Housing Authority became the General Partner of a limited liability limited partnership, Lilac Place, LLLP. This partnership was established to enable participation in the Low Income Housing Tax Credit program authorized under Section 42 of the Internal Revenue Code and administered by the Washington State Housing Finance Commission. The tax credits allocated under this program provided for a major source of funding for the construction of Lilac Place Apartments. The units constructed are owned by the partnership and managed by

HOUSING AUTHORITY OF THE CITY OF LONGVIEW

Notes to the Financial Statements
for the Year Ended September 30, 2014

Longview Housing Authority, the general partner for the partnership. This enables the Authority to influence management policy, budgets and operations. The services provided by the partnership do not exclusively or almost exclusively benefit the Authority or its constituents. Construction for this partnership was completed during fiscal year 2014. Therefore, the Lilac Place, LLLP financial statements as of December 31, 2013 are discretely presented and consolidated into the "Component Unit" column in the financial statements in accordance with GASB 14 (as amended by GASB 61).

In accordance with GASB 14 (as amended by GASB 61), the Housing Authority includes component unit financial statements with an ending date occurring during the Housing Authority's fiscal year. The financial statements of the component unit are prepared separately. Copies of these statements can be obtained by contacting the Housing Authority at 820 11th Ave, Longview, WA 98632.

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. These programs are designed to provide low income individuals and families with housing.

These programs include federal funds from the Housing and Urban Development; Department of Agriculture, Rural Housing and the Veterans Administration. 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.

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.

HOUSING AUTHORITY OF THE CITY OF LONGVIEW

Notes to the Financial Statements
for the Year Ended September 30, 2014

c. Cash and Cash Equivalents

For the purposes of the Statement of Net Position 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. Bad debt write offs are made monthly and subject to approval of the Board of Commissioners and are expensed at the end of each month. The Allowance for Doubtful Accounts 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 Position. 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. Assets Held for Resale

Assets Held for Resale consists of real properties held by the SHARE Home Ownership and Section 8 Home Ownership programs. These programs are assisting low-income families in obtaining homeownership counseling, down payment and closing cost assistance, and help in purchasing and rehabilitating existing housing stock. The Authority takes title and inventories these properties during the rehabilitation phase of the program. These assets are valued at cost and tracked by specific asset.

g. Loans Receivable

Loans receivable consist of second mortgage loans made under a down payment assistance program for first time home buyers. These loans are 0% interest loans secured by a deed of trust and payable upon sale or transfer of title, satisfactory completion of residency requirements or change of use.

These loans are expected to be forgiven or repaid by the loan recipients at the sooner of the end of the compliance period or upon the sale or disposition of the home. These

HOUSING AUTHORITY OF THE CITY OF LONGVIEW

Notes to the Financial Statements
for the Year Ended September 30, 2014

are classified as non-current because they are not expected to be repaid within one year. Because the loans receivable are secured by liens against real property there is generally no need to estimate uncollectible loans receivable.

h. 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 Position, restricted resources currently include the following:

- “Tenant security deposits” which 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 “Tenant security deposits” account listed under restricted assets.
- “Investments” are funds 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 Assets” includes excess Housing Assistance Payment reserves, escrow accounts, principal and interest payment deposits and required replacement reserves.

i. 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 expensed. 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.

HOUSING AUTHORITY OF THE CITY OF LONGVIEW

Notes to the Financial Statements
for the Year Ended September 30, 2014

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

It is our policy that the original cost of un-segregated components of operating property that is retired or otherwise disposed of, plus the cost of installation, less salvage, is charged to accumulated depreciation and no gain or loss on the disposition is recognized. 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 capital projects are recorded in “Construction Work in Progress” pending construction of the facility. Costs relating to projects ultimately constructed are transferred to the project capital accounts; charges related to abandoned projects are expensed.

k. Investments

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

l. Current Portion of Long Term Debt

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 Position (see note 11).

m. 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

HOUSING AUTHORITY OF THE CITY OF LONGVIEW

Notes to the Financial Statements
for the Year Ended September 30, 2014

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.

n. 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 when incurred.

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. Sick leave may accumulate up to 480 hours. Upon resignation, retirement, or death; sick leave is lost.

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 PDPC 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 PDPC insures all

HOUSING AUTHORITY OF THE CITY OF LONGVIEW

Notes to the Financial Statements
for the Year Ended September 30, 2014

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, 2014 investments consisted of the following:

Investment	Value
Washington Local Govt Investment Pool	\$ -
Cash	-
U.S. Treasuries	72,060
Total	<u>\$ 72,060</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.

Component Unit

Deposits - As of December 31, 2013, the component units' carrying amount of deposits was \$65,943. These deposits are entirely covered by Federal Depository Insurance Corporation (FDIC).

HOUSING AUTHORITY OF THE CITY OF LONGVIEW

Notes to the Financial Statements
for the Year Ended September 30, 2014

Note 4 – LOANS RECEIVABLE

The Authority has notes receivable that consist of second mortgage loans made under a down payment assistance program for first time home buyers. These loans are 0% interest loans secured by a deed of trust and payable upon sale or transfer of title, satisfactory completion of residency requirements or change of use.

The Authority has a notes receivable from the component unit in the amount of \$404,467. The component unit discloses \$379,467 as a long term liability. The differences are the result of different year ends of September 2014 for the Authority and December 2013 for the component unit.

Housing Authority

Purpose	Original Amount	Issue Date	Maturity	Interest Rate	9/30/2014
					Amount Outstanding
Lilac Place	\$ 404,467	Oct/2013	Jan/2058	3.28%	\$ 66,267
Lilac Place	338,200	Apr/2014	Oct/2058	3.28%	338,200
Total	742,667				404,467
Forgivable Notes-Roulette	37,500	Dec/2008	Dec/2018	0.00%	15,937
Forgivable Notes-Roberts, K	10,000	Jan/2009	Jan/2014	0.00%	-
Forgivable Notes-Partain	36,750	Jun/2009	Jun/2019	0.00%	17,456
Forgivable Notes-Roberts, C.	10,000	Sep/2009	Sep/2014	0.00%	-
Forgivable Notes-Roberts, C.	36,750	Sep/2009	Sep/2019	0.00%	18,375
Forgivable Notes-Chappelle	15,000	Mar/2010	Mar/2020	0.00%	8,250
Forgivable Notes-Dotson	38,000	Mar/2010	Jan/2020	0.00%	20,267
Total	184,000				80,285
Notes - Miller	25,000	Feb/2009	Feb/2039	0.00%	25,000
Notes - Rafferty	25,000	Jul/2009	Jul/2039	0.00%	25,000
Notes - Gallager	25,000	Oct/2009	Oct/2039	0.00%	25,000
Notes - Brister	10,000	Jan/2010	Jan/2040	0.00%	10,000
Notes - Juve	25,000	Feb/2010	Feb/2040	0.00%	25,000
Notes - Sloan	10,000	Apr/2010	Apr/2040	0.00%	10,000
Notes - Bastin	10,000	Aug/2011	Aug/2041	0.00%	10,000
Note - Johnson	10,000	Mar/2012	Mar/2042	0.00%	10,000
Note - Rogers	10,000	Apr/2012	Apr/2042	0.00%	10,000
Note - McLean	30,000	Sep/2012	Sep/2042	0.00%	30,000
Note - Schlais	20,000	Mar/2013	Mar/2043	0.00%	20,000
Note - Thompson	10,000	Nov/2012	Nov/2042	0.00%	10,000
Note - Fitch	10,000	May/2014	May/2044	0.00%	10,000
Note - Roe	10,000	Jul/2014	Jul/2044	0.00%	10,000
Total	230,000				230,000
Total Notes Receivable	\$ 1,156,667				\$ 714,752

HOUSING AUTHORITY OF THE CITY OF LONGVIEW

Notes to the Financial Statements
for the Year Ended September 30, 2014

Notes receivable activity for the period ending 9/30/2014 were:

	Beginning Balance	Increases	Decreases	Ending Balance
Lilac Place	\$ -	\$ 742,667	\$ 338,200	\$ 404,467
Forgivable Notes	99,352	-	19,067	80,285
Notes	210,000	20,000	-	230,000
	<u>\$ 309,352</u>	<u>\$ 762,667</u>	<u>\$ 357,267</u>	<u>\$ 714,752</u>

Inter-program loans: See note 8. b. Short Term Debt.

Note 5 – 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.

HOUSING AUTHORITY OF THE CITY OF LONGVIEW

Notes to the Financial Statements
for the Year Ended September 30, 2014

Capital asset activity for the year ended September 30, 2014 was as follows:

Housing Authority

	Beginning Balance 10/01/2013	Increase	Decrease	Ending Balance 9/30/2014
Capital assets not being depreciated:				
Land	\$ 1,876,932	\$ -	\$ 371,570	\$ 1,505,362
Construction in progress	2,033,093	781,663	2,116,030	698,726
Total capital assets not being depreciated	3,910,025	781,663	2,487,600	2,204,088
Capital assets being depreciated:				
Buildings/improvements	13,788,760	245,997	199,512	13,835,245
Furniture, Equipment & Machinery - Dwellings	14,301	-	-	14,301
Furniture, Equipment & Machinery - Administration	212,288	26,863	12,072	227,079
Leasehold Improvements	2,727,052	-	-	2,727,052
Total capital assets being depreciated	16,742,401	272,860	211,584	16,803,677
Less total accumulated depreciation	(4,709,922)	65,023	486,141	(5,131,040)
Total capital assets being depreciated, net	12,032,479	337,883	697,725	11,672,637
Total capital assets, net	\$ 15,942,504	\$ 1,119,546	\$ 3,185,325	\$ 13,876,725

Component Unit

Capital asset activity for the Component Unit for the year ended December 31, 2013 was as follows:

	Beginning Balance 1/1/2013	Increase	Decrease	Ending Balance 12/31/2013
Capital assets not being depreciated:				
Land	\$ -	\$ 260,000	\$ -	\$ 260,000
Construction in progress	-	3,540,513	-	3,540,513
Total capital assets not being depreciated	-	3,800,513	-	3,800,513
Total capital assets, net	\$ -	\$ 3,800,513	\$ -	\$ 3,800,513

Note 6 – 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

HOUSING AUTHORITY OF THE CITY OF LONGVIEW

Notes to the Financial Statements
for the Year Ended September 30, 2014

(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 cities and counties.

The Authority also provides some management services through contract with the Joint Pacific County Housing Authority and Lilac Place, LLLP.

Note 7 - CONSTRUCTION IN PROGRESS

Construction in progress represents expenditures through September 30, 2014 on projects whose authorizations total \$966,500. The committed balance of \$966,500 is fully funded.

	Project Authorization	Expended to 9/30/2014	Committed	Required Future Financing
Stratford Phase 2	\$ 892,500	\$ 632,510	\$ 892,500	\$ -
33rd Ave Remodel	37,000	14,883	37,000	-
Hemlock Remodel	37,000	51,333	37,000	-
Total	\$ 966,500	\$ 698,726	\$ 966,500	\$ -

Expended amount includes construction in progress amounts that were capitalized in the current and prior periods.

Component Unit

Construction in progress for the Component Unit consists of the following:

	Project Authorization	Expended to 12/31/2013	Committed	Required Future Financing
Lilac Place	\$ 8,715,816	\$ 3,540,513	\$ 8,715,816	\$ -

Note 8 – SHORT TERM DEBT

a. Inter-program loans

The Authority has several inter-program loans outstanding. The inter-program loans are offset by inter-program receivables of the same amount. All inter-program loans are considered short term and payable in the next fiscal year. Inter-program loan

HOUSING AUTHORITY OF THE CITY OF LONGVIEW

Notes to the Financial Statements
for the Year Ended September 30, 2014

activities for the year ended September 30, 2014 were as follows:

From/To	Beginning		Redeemed	Rate	Ending	
	Balance	Issued			Balance	
	10/1/2013				9/30/2014	
Tulip Valley/Agency	\$ 228,758	-	-	3.39%	\$ 228,758	
Hawthorne/Agency	102,185	-	-	3.39%	102,185	
Columbia View/Agency	96,884	-	-	3.39%	96,884	
Riverview/Agency	52,173	-	-	3.39%	52,173	
Housing Choice Vouchers/Agency	70,015	-	-	3.39%	70,015	
	<u>\$ 550,015</u>	<u>-</u>	<u>-</u>		<u>\$ 550,015</u>	

b. Accounts Payable

The Authority has incurred payables in support of its Capital Development programs. Of the \$ 497,209 in accounts payable \$ 349,764 are for capital assets and are offset by the Construction in Progress account. The remaining \$ 147,445 is composed of trade payables and are offset by related expenses.

Note 9 – 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, 2014 amounted to \$15,985.

Future minimum rental commitments for these leases are as follows:

Fiscal Year Ended	Minimum Lease Commitment
2015	\$ 15,840
2016	15,281
2017	14,492
2018	13,457
2019	893
2020-2048	<u>\$ 14,500</u>

HOUSING AUTHORITY OF THE CITY OF LONGVIEW

Notes to the Financial Statements
for the Year Ended September 30, 2014

b. Capital Lease(s)

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

Note 10 – PAYABLES FROM RESTRICTED ASSETS

“Tenant security 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-tenant security 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 11 – 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.

Debt issuance costs

GASB No. 65 paragraph 15 discusses the treatment of debt issuance costs. With the exception of prepaid insurance the costs relate to services provided in the current period and thus they should be expensed in the current period. This is a significant change from current practice which is to record these as assets and amortize them over the life of the related debt issue. The resulting adjustment of \$78,509 is reflected as an adjustment to beginning equity on the Statement of Revenues, Expenses and Changes in Fund Net Position.

The revenue bonds currently outstanding are as follows:

Purpose	Original Amount	Issue Date	Fiscal Year Maturity	Interest Rate	Amount Outstanding
Acquire Hawthorne House apartments.	\$ 940,000	October 12, 1995	2026	7.50%	\$ 585,000

HOUSING AUTHORITY OF THE CITY OF LONGVIEW

Notes to the Financial Statements
for the Year Ended September 30, 2014

Revenue bond debt service requirements to maturity are as follows:

Year Ending 9/30/xxxx	Principal	Interest	Required Debt Service
2015	\$35,000	\$38,798	\$73,798
2016	35,000	36,522	71,522
2017	40,000	34,248	74,248
2018	40,000	31,588	71,588
2019	45,000	28,928	73,928
2020-2024	260,000	97,422	357,422
2025-2029	130,000	12,968	142,968
Total	<u>\$ 585,000</u>	<u>\$ 280,474</u>	<u>\$ 865,474</u>

There is \$72,060 shown in restricted investments of the Authority. This investment represents debt service reserve requirements as contained in the various indentures.

HOUSING AUTHORITY OF THE CITY OF LONGVIEW

Notes to the Financial Statements
for the Year Ended September 30, 2014

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.

Purpose	Original Amount	Issue Date	Fiscal Year Maturity	Interest Rate	Amount Outstanding
Purchase - Hemlock	\$85,500	4/6/2001	2031	8.25%	\$69,366
Refinance - Harmony House	55,637	9/4/2009	2028	6.50%	-
Acquire single family residence - 18th	27,461	8/14/2008	2023	4.50%	19,022
Acquire land and construct 17 units of elderly housing* - Eagle Pointe Village	850,500	8/11/1998	2048	1.00%	987,404
Acquire land and construct 17 units of elderly housing - Eagle Pointe Village	250,000	4/30/1998	2014	2.00%	-
Acquire land and construct 17 units of elderly housing - Eagle Pointe Village	188,691	3/4/1998	2028	3.25%	130,177
Purchase 61 units of senior housing - Hawthorne	1,438,736	10/12/1995	2035	1.00%	1,202,091
Purchase 39 units of elderly/disabled hsg - Tulip Valley	1,238,636	8/1/1995	2031	1.00%	835,391
Leasehold improvements - Sylvester Arms	1,565,717	1/9/1994	2029	1.00%	1,351,917
	772,166	6/19/2012	2022	6.50%	742,294
Purchase 16 units of family housing - Columbia View	493,016	10/25/2005	2045	0.00%	493,015
	99,743	1/19/2006	2036	1.00%	91,975
	242,569	1/19/2006	2036	1.00%	223,676
Purchase 35 units of family housing - Riverview	555,035	10/25/2005	2045	0.00%	555,035
	360,748	1/19/2006	2036	1.00%	332,652
	571,735	1/19/2006	2036	1.00%	527,207
Acquire single family residence - 33rd	40,100	3/18/2011	2016	6.75%	34,685
Construction of 20 units of assisted housing - Phoenix	1,775,000	6/30/2008	2059	0.00%	1,775,000
Refinance - Blackstone Apts	609,167	10/7/2011	2021	6.50%	575,727
Refinance - Woodside West Apts	622,681	10/7/2011	2021	6.50%	588,493
Development Loan - Lilac Place	409,849	9/26/2013	2015	7.00%	-
Development Loan - Lilac Place	410,000	9/17/2013	2018	4.75%	401,171
Acquisition and Develop Home - 17th	21,783	3/22/2013	2014	6.75%	-
Acquire 8 units of family housing - Beechwood	490,000	1/30/2013	2023	4.75%	477,860
Refinance of Stratford	490,873	10/30/2012	2014	4.75%	490,873
Rehabilitation of Stratford	800,000	3/31/2013	2053	0.00%	558,770
Total	<u>\$ 14,465,342</u>				<u>\$ 12,463,801</u>

* The table reflects \$136,904 of accrued interest at the end of September 30, 2014.

HOUSING AUTHORITY OF THE CITY OF LONGVIEW

Notes to the Financial Statements
for the Year Ended September 30, 2014

Mortgage debt service requirements to maturity are as follows:

Year Ending 9/30/xxxx	Principal*	Interest	Required Debt Service
2015	\$ 701,841	\$ 420,750	\$ 1,122,592
2016	253,600	406,009	659,609
2017	232,353	392,239	624,593
2018	605,727	379,573	985,300
2019	247,243	349,133	596,376
2020-2014	2,729,536	1,315,935	4,045,470
2015-2019	1,155,204	769,982	1,925,186
2020-2024	1,267,768	465,843	1,733,611
2025-2029	869,658	202,143	1,071,801
2030-2034	759,724	95,244	854,967
2035-2039	1,346,565	9,789	1,356,354
2040-2044	558,770	-	558,770
2045-2049	1,775,000	-	1,775,000
Total	\$ 12,502,989	\$ 4,806,641	\$ 17,309,630

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

c. Loans and Notes Payable

The Authority has recorded certain forgivable notes secured with a deed of trust that were used for down payment assistance in our home ownership program. Additionally the Authority has taken out consumer loans in support of construction activities and the purchase of vehicles.

Purpose	Original Amount	Issue Date	Maturity	Interest Rate	Amount Outstanding
					9/30/2014
Community Frameworks*	\$15,000	Mar/2009	Feb/2019	-	\$ 15,000
Clark County**	200,000	Apr/2012	Jan/2058	-	-
Clark County**	113,677	Apr/2012	Jan/2058	0.50%	-
Auto Loan	12,830	Sep/2012	Sep/2016	6.00%	6,799
Auto Loan	8,109	Jan/2014	Jan/2017	6.00%	6,380
Total	\$ 349,616				\$ 28,179

*The Authority has issued deeds of trust on these loans. The loans are for ten years. The notes are issued at 0% interest and are forgivable upon compliance with the loan agreement.

HOUSING AUTHORITY OF THE CITY OF LONGVIEW

Notes to the Financial Statements
for the Year Ended September 30, 2014

**These grants/loans were transferred to Lilac Place LLLP on October 3, 2014. The Authority was released from the deed of trust.

Loan debt service requirements to maturity are as follows:

Year Ending 9/30/xxxx	Principal	Interest	Required Debt Service
2015	\$ 5,965	\$ 538	\$ 6,504
2016	6,280	219	6,499
2017	934	8	942
2018	-	-	-
2019	15,000	-	15,000
Total	\$ 28,179	\$ 765	\$ 13,945

c. Changes in Long-Term Liabilities

During the year ended September 30, 2014, the following changes occurred in long-term liabilities:

Description	Beginning Balance 10/1/2013	Additions	Reductions	Ending Balance 9/30/2014	Due Within One Year
Revenue Bonds	\$ 615,000	\$ -	\$ 30,000	\$ 585,000	\$ 35,000
Mortgages	12,478,942	-	152,046	12,326,896	703,845
Notes	338,585	8,109	318,515	28,179	5,965
Accrued Interest	127,128	9,776	-	136,904	-
Compensated Absences	44,182	15,972	-	60,154	22,903
Total	\$ 13,603,837	\$ 33,857	\$ 500,561	\$ 13,137,133	\$ 767,713

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, 2014 the Authority estimates that no arbitrage rebate exists and that no liability exists.

HOUSING AUTHORITY OF THE CITY OF LONGVIEW

Notes to the Financial Statements
for the Year Ended September 30, 2014

Component Unit

Loans

The Component Unit has long term notes payable secured by capital assets. These notes were used to acquire capital assets that provide affordable housing. The notes payable are to be repaid to the Authority and U.S. Bank by the component unit. The note to the Authority (\$379,467) is to be paid out of residual receipts as they become available. The construction loan (\$1,676,403) will be repaid from equity contributions and permanent financing.

Outstanding loans are as follows:

Purpose	Original Amount	Issue Date	Year of Maturity	Interest Rate	Amount Outstanding
Develop Lilac Place Apartments	\$ 379,467	Oct/2013	2058	3.28%	\$ 379,467
Construction Loan	-	Nov/2013	2015	5.00%	1,676,403
	<u>\$ 379,467</u>				<u>\$ 2,055,870</u>

The loans payable debt service requirements to maturity:

Year Ending 12/31/xxxx	Principal	Interest	Required Debt Service
2014	\$ -	\$ -	\$ -
2015	1,676,403	118,397	1,794,800
2016	-	-	-
2017	-	-	-
2018	-	-	-
2019-2013	-	-	-
2014-2018	-	-	-
2019-2023	-	-	-
2024-2028	-	-	-
2029-2033	-	-	-
2034-2038	-	-	-
2039-2048	-	-	-
2049-2053	-	-	-
2054-2058	379,467	599,425	978,892
	<u>\$ 2,055,870</u>	<u>\$ 717,822</u>	<u>\$ 2,773,692</u>

HOUSING AUTHORITY OF THE CITY OF LONGVIEW

Notes to the Financial Statements
for the Year Ended September 30, 2014

During the year ended December 31, 2013, the following changes occurred in the long term liabilities for the Component Unit:

Description	Beginning Balance 1/1/2013	Additions	Reductions	Ending Balance 12/31/2013	Due Within One Year
Loans	\$ -	\$2,055,870	\$ -	\$2,055,870	\$ -

Note 12 – COMPONENT UNIT

The Lilac Place Limited Liability Limited Partnership was formed with the Authority serving as the general partner. This partnership was formed to acquire, develop, construct, operate and maintain housing for low income tenants in a manner necessary to qualify for federal low-income housing tax credits as provided under Section 42 of the Internal Revenue Code. The partnership’s fiscal year ends on December 31, of each calendar year. The project is comprised of 38 units in seven buildings. The units constructed are owned by the partnership and managed by the Authority, general partner of the partnership. As general partner, the Authority complies with the duties and responsibilities established with the limited partner in the related partnership agreement. In general, the Authority is obligated to provide funds to the partnership for any operating deficits and is to be repaid from project cash flow in subsequent years or from proceeds of a sale or refinance.

As of September 30, 2014, the Housing Authority’s fiscal year end, the balance sheet date reported for the component unit was December 31, 2013 which is the fiscal year end of the component unit.

Note 13 - PENSION PLANS

Substantially all 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; or it may be downloaded from the DRS website at www.drs.wa.gov. The following disclosures are made pursuant to GASB Statements No. 27, *Accounting for Pensions by State and Local Government Employers* and No. 50, *Pension Disclosures, an Amendment of GASB Statements No. 25 and No. 27*.

HOUSING AUTHORITY OF THE CITY OF LONGVIEW

Notes to the Financial Statements
for the Year Ended September 30, 2014

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

Plan Description

The Legislature established PERS in 1947. Membership in the system includes: elected officials; state employees; employees of the Supreme, Appeals, and Superior Courts; employees of legislative committees; employees of district and municipal courts; and employees of local governments. Membership also includes higher education employees not participating in higher education retirement programs. Approximately 49 percent of PERS salaries are accounted for by state employment. PERS retirement benefit provisions are established in chapters 41.34 and 41.40 RCW.

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. PERS members 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 exercised an option to transfer their membership to Plan 3. PERS members 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 Plan 3. The option must be exercised within 90 days of employment. Employees who fail to choose within 90 days default to PERS Plan 3

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

PERS Plan 1 and Plan 2 retirement benefits are financed from a combination of investment earnings and employer and employee contributions. Employee contributions to the PERS Plan 1 and Plan 2 defined benefit plans accrue interest at a rate specified by the Director of DRS. During Fiscal Year 2013, the rate was five and one-half percent, compounded quarterly. Members in PERS Plan 1 and Plan 2 can elect to withdraw total employee contributions and interest thereon, in lieu of any retirement benefit, upon separation from PERS-covered employment.

PERS Plan 1 members are vested after the completion of five years of eligible service.

HOUSING AUTHORITY OF THE CITY OF LONGVIEW

Notes to the Financial Statements for the Year Ended September 30, 2014

PERS Plan 1 members are eligible for retirement from active status at any age with at least 30 years of service, at age 55 with at least 25 years of service, or at age 60 with at least 5 years of service. Plan 1 members retiring from inactive status prior to the age of 65 may receive actuarially reduced benefits.

The monthly benefit is two percent of the average final compensation (AFC) per year of service, but the benefit may not exceed 60% of the AFC. The AFC is the monthly average of the 24 consecutive highest-paid service credit months.

PERS Plan 1 retirement benefits are actuarially reduced to reflect the choice, if made, of a survivor option.

Plan 1 members may elect to receive an optional COLA that provides an automatic annual adjustment based on the Consumer Price Index. The adjustment is capped at three percent annually. To offset the cost of this annual adjustment, the benefit is reduced.

PERS Plan 1 provides duty and non-duty disability benefits. Duty disability retirement benefits for disablement prior to the age of 60 consist of a temporary life annuity. The benefit amount is \$350 a month, or two-thirds of the monthly AFC, whichever is less. The benefit is reduced by any workers' compensation benefit and is payable as long as the member remains disabled or until the member attains the age of 60, at which time the benefit is converted to the member's service retirement amount.

A member with five years of covered employment is eligible for non-duty disability retirement. Prior to the age of 55, the benefit amount is two percent of the AFC for each year of service reduced by two percent for each year that the member's age is less than 55. The total benefit is limited to 60 percent of the AFC and is actuarially reduced to reflect the choice of a survivor option. Plan 1 members may elect to receive an optional COLA amount (based on the Consumer Price Index), capped at three percent annually. To offset the cost of this annual adjustment, the benefit is reduced.

PERS Plan 2 members are vested after completing five years of eligible service.

Plan 2 members are eligible for normal retirement at the age of 65 with five years of service. The monthly benefit is two percent of the AFC per year of service. The AFC is the monthly average of the 60 consecutive highest-paid service months. There is no cap on years of service credit; and a cost-of-living allowance is granted (based on the Consumer Price Index), capped at three percent annually.

PERS Plan 2 members who have at least 20 years of service credit and are 55 years of age or older are eligible for early retirement with a reduced benefit. The benefit is reduced by an early retirement factor (ERF) that varies according to age, for each year before age 65. PERS Plan 2 members who have 30 or more years of service credit and are at least 55 years old can retire under one of two provisions if hired prior to May 1, 2013:

HOUSING AUTHORITY OF THE CITY OF LONGVIEW

Notes to the Financial Statements for the Year Ended September 30, 2014

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

PERS Plan 2 members hired on or after May 1, 2013 have the option to retire early by accepting a reduction of five percent for each year of retirement before age 65. This option is available only to those who are age 55 or older and have at least 30 years of service.

PERS Plan 2 retirement benefits are also actuarially reduced to reflect the choice, if made, of a survivor option.

PERS Plan 3 has a dual benefit structure. Employer contributions finance a defined benefit component, and member contributions finance a defined contribution component. As established by chapter 41.34 RCW, employee contribution rates to the defined contribution component range from five percent to 15 percent of salaries, based on member choice. Members who do not choose a contribution rate default to a five percent rate. There are currently no requirements for employer contributions to the defined contribution component of PERS Plan 3.

PERS Plan 3 defined contribution retirement benefits are dependent upon the results of investment activities. Members may elect to self-direct the investment of their contributions. Any expenses incurred in conjunction with self-directed investments are paid by members. Absent a member's self-direction, PERS Plan 3 contributions are invested in the Retirement Strategy Fund that assumes the member will retire at age 65.

For Fiscal Year 2013, PERS Plan 3 employee contributions were \$99.0 million, and plan refunds paid out were \$69.4 million.

The defined benefit portion of PERS Plan 3 provides members a monthly benefit that is one percent of the AFC per year of service. The AFC is the monthly average of the 60 consecutive highest-paid service months. There is no cap on years of service credit, and Plan 3 provides the same cost-of-living allowance as Plan 2.

Effective June 7, 2006, PERS Plan 3 members are vested in the defined benefit portion of their plan after ten years of service; or after five years of service if 12 months of that service are earned after age 44; or after five service credit years earned in PERS Plan 2 by June 1, 2003. Plan 3 members are immediately vested in the defined contribution portion of their plan.

HOUSING AUTHORITY OF THE CITY OF LONGVIEW

Notes to the Financial Statements
for the Year Ended September 30, 2014

Vested Plan 3 members are eligible for normal retirement at age 65, or they may retire early with the following conditions and benefits:

- If they have at least ten service credit years and are 55 years old, the benefit is reduced by an ERF that varies with age, for each year before age 65;
- If they have 30 service credit years, are at least 55 years old, and were hired before May 1, 2013, they have the choice of a benefit that is reduced by three percent for each year before age 65; or a benefit with a smaller (or no) reduction factor (depending on age) that imposes stricter return-to-work rules.
- If they have 30 service credit years, are at least 55 years old, and were hired after May 1, 2013, they have the option to retire early by accepting a reduction of five percent for each year before age 65.

PERS Plan 3 benefits are actuarially reduced to reflect the choice, if made, of a survivor option. PERS Plan 2 and Plan 3 provide disability benefits. There is no minimum amount of service credit required for eligibility. The Plan 2 monthly benefit amount is two percent of the AFC per year of service. For Plan 3, the monthly benefit amount is one percent of the AFC per year of service. These disability benefit amounts are actuarially reduced for each year that the member's age is less than 65, and 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 (based on the Consumer Price Index), capped at three percent annually.

PERS members meeting specific eligibility requirements have options available to enhance their retirement benefits. Some of these options are available to their survivors.

A one-time duty-related death benefit is provided to the beneficiary or the estate of a PERS member who dies as a result of injuries sustained in the course of employment, or if the death resulted from an occupational disease or infection that arose naturally and proximately out of the member's covered employment, if found eligible by the Department of Labor and Industries.

There are 1,361 participating employers in PERS. Membership in PERS consisted of the following as of the latest actuarial valuation date for the plans of June 30, 2013:

Retirees and Beneficiaries Receiving Benefits	82,242
Terminated Plan Members Entitled to but not yet Receiving Benefits	30,515
Active Plan Members Vested	106,317
Active Plan Members Non-vested	44,273
Total	<u>263,347</u>

HOUSING AUTHORITY OF THE CITY OF LONGVIEW

Notes to the Financial Statements
for the Year Ended September 30, 2014

Funding Policy

All employers are required to contribute at the level established by the Legislature. 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 six percent for state agencies and local government unit employees, and at seven and one-half percent for state government elected officials. 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. Under PERS Plan 3, employer contributions finance the defined benefit portion of the plan, and member contributions finance the defined contribution portion. The Plan 3 employee contribution rates range from five to 15 percent.

The methods used to determine PERS 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 payrolls, as of June 30, 2014, are as follows:

	PERS Plan 1	PERS Plan 2	PERS Plan 3
Employer*	9.21%	9.21%	9.21%**
Employee	6.00%	4.92%	***

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

** 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 year ended September 30, 2014 were as follows:

	PERS Plan 1	PERS Plan 2	PERS Plan 3
2014	\$ 1,594	\$ 110,371	\$ 33,516
2013	\$ 1,608	\$ 82,093	\$ 19,669
2012	\$ 1,888	\$ 79,932	\$ 15,970

Note 14 - 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

HOUSING AUTHORITY OF THE CITY OF LONGVIEW

Notes to the Financial Statements for the Year Ended September 30, 2014

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 15 – RISK MANAGEMENT

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

The Authority 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 \$200,000 (with options up to \$500,000) for employee dishonesty, forgery or alteration and \$20,000 for theft with deductibles similar to the retention on Property.

HOUSING AUTHORITY OF THE CITY OF LONGVIEW

Notes to the Financial Statements
for the Year Ended September 30, 2014

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 coverage 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.

Note 16 – SUBSEQUENT EVENTS

On November 25th, 2013 the Board of Commissioners declared the Blackstone property surplus and authorized the Chief Executive Officer to dispose of the real estate. The sale closed on December 15th, 2014.

On December 5th, 2014 the Authority entered into a loan agreement with Heritage Bank for a \$100,000 revolving line of credit.

Housing Authority of the City of Longview

Schedule of Expenditures of Federal Awards For the year ended September 30, 2014

Grantor/ Pass-Through Grantor Program Title	CFDA#	Other Identification Number	Direct Federal Expenditures	In-Direct Federal Expenditures	Total Federal Expenditures
Department of Agriculture:					
Rural Rental Housing Loans	10.415	56-008-977666317-016	\$ 63,399	\$ -	\$ 63,399
Rural Rental Housing Loans	10.415	56-008-977666317-028	69,923	-	69,923
Rural Rental Housing Loans	10.415	56-008-977666317-030	10,446	-	10,446
Rural Rental Housing Loans	10.415	56-008-977666317-041	28,457	-	28,457
			<u>172,225</u>	<u>-</u>	<u>172,225</u>
Rural Rental Assistance Payments	10.427	56-008-977666317-016	143,784	-	143,784
Rural Rental Assistance Payments	10.427	56-008-977666317-028	222,802	-	222,802
Rural Rental Assistance Payments	10.427	56-008-977666317-030	31,309	-	31,309
Rural Rental Assistance Payments	10.427	56-008-977666317-041	89,863	-	89,863
			<u>487,758</u>	<u>-</u>	<u>487,758</u>
Total Department of Agriculture			<u>659,983</u>	<u>-</u>	<u>659,983</u>
Department of Housing & Urban Development:					
Community Development Block Grant	14.228				
City of Longview		Aging in Place, Activity #144	-	3,582	3,582
City of Longview		TBRA, Activity #157	-	5,170	5,170
Clark County		Beechwood, 2013-CDBG-1312	-	70,077	70,077
			<u>-</u>	<u>78,829</u>	<u>78,829</u>
Home Investment Partnerships Program	14.239				
Washington Dept of Commerce		13-47101-116	-	130,202	130,202
Washington Dept of Commerce		13-47101-117	-	105,793	105,793
Washington Dept of Commerce		SHARE	-	20,000	20,000
Longview/Kelso Consortium		TBRA, Activity #157	-	43,931	43,931
Longview/Kelso Consortium		17th	-	-	-
Clark County		#2010-HOME-10H2	-	-	-
Total Home			<u>-</u>	<u>299,926</u>	<u>299,926</u>
Lower Income Housing Assistance Program	14.856	WA007MR0001	81,407	-	81,407
Housing Choice Vouchers	14.871	WA007VO	7,199,041	-	7,199,041
Total Department of Housing & Urban Development			<u>7,280,448</u>	<u>378,755</u>	<u>7,659,203</u>
Department of Veterans Affairs					
Veterans Per-Diem	64.024	08-90-WA	268,982	-	268,982
HCHV Transitional Housing	64.024	VA260-P-109	109,986	-	109,986
Veterans Transition In Place	64.024	12-16-WA	126,923	-	126,923
Supportive Services for Veteran Families	64.024	14-300-100	329,246	-	329,246
Total Department of Veterans Affairs			<u>835,137</u>	<u>-</u>	<u>835,137</u>
Total Federal Assistance			<u>\$ 8,775,568</u>	<u>\$ 378,755</u>	<u>\$ 9,154,323</u>

HOUSING AUTHORITY OF THE CITY OF LONGVIEW
Notes to the Schedule of Expenditures of Federal Awards
For the year ended September 30, 2014

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 received by the Authority. Actual expenditures of the grant funds during the period were \$7,796,004.

Note 3 – FEDERAL LOANS

The Authority was approved by the U. S. Department of Agriculture and the U. S. Department of Housing and Urban Development to receive loans totaling \$7,683,711 to develop, acquire or renovate low income housing. The amount listed includes loans proceeds received and the outstanding loan balance.

Purpose	Original Amount	9/30/2014 Amount
Purchase 61 units of senior housing (Hawthorne House)	\$1,438,736	\$1,202,091
Purchase 39 units of elderly/disabled housing (Tulip Valley)	1,238,636	835,391
Purchase and renovate 35 units of elderly housing (Sylvester)	62,150	62,150
Purchase 16 units of family housing (Columbia View Harbor)	99,743	91,975
	242,569	223,676
Purchase 35 units of family housing (Riverview)	360,748	332,652
	571,735	527,207
Construction of 20 units of assisted housing (Phoenix House)	1,775,000	1,775,000
Community Frameworks	15,000	15,000
Renovation of 35 senior housing (Sylvester)	1,565,717	1,351,917
New Construction 38 Units (Lilac Place)	313,677	-
	<u>\$7,683,711</u>	<u>\$6,417,059</u>

Housing Authority City of Longview (WA007)
 Longview, WA
 Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 09/30/2014

	10.415 Rural Rental Housing Loans	14.228 Community Development Block Grants/State's Program	10.427 Rural Rental Assistance Payments	14.871 Housing Choice Vouchers	64.024 VA Homeless Providers Grant and Per Diem Program	14.239 HOME Investment Partnerships Program	8 Other Federal Program 1	1 Business Activities	6.1 Component Unit - Discretely Presented	14.856 Lower Income Housing Assistance Program_Section 8 Moderate	Subtotal	ELIM	Total
111 Cash - Unrestricted		\$1,734	\$89,793	\$69,102	\$106,958	\$14,313		\$197,122	\$65,943	\$11,003	\$555,968		\$555,968
112 Cash - Restricted - Modernization and Development								\$183,836		\$0	\$183,836		\$183,836
113 Cash - Other Restricted			\$466,008	\$233,066				\$4,000		\$0	\$703,074		\$703,074
114 Cash - Tenant Security Deposits			\$36,351					\$37,043		\$0	\$73,394		\$73,394
115 Cash - Restricted for Payment of Current Liabilities										\$0			
100 Total Cash	\$0	\$1,734	\$592,152	\$302,168	\$106,958	\$14,313	\$0	\$422,001	\$65,943	\$11,003	\$1,516,272	\$0	\$1,516,272
121 Accounts Receivable - PHA Projects				\$1,251						\$0	\$1,251		\$1,251
122 Accounts Receivable - HUD Other Projects		\$103						\$0		\$821	\$924		\$924
124 Accounts Receivable - Other Government				\$2,374	\$73,496	\$26,949		\$259,850		\$0	\$362,669		\$362,669
125 Accounts Receivable - Miscellaneous								\$35,785		\$0	\$35,785		\$35,785
126 Accounts Receivable - Tenants			\$681					\$3,469		\$0	\$4,150		\$4,150
126.1 Allowance for Doubtful Accounts - Tenants			-\$122					-\$980		\$0	-\$1,102		-\$1,102
126.2 Allowance for Doubtful Accounts - Other		\$0		\$0	\$0	\$0		\$0		\$0	\$0		\$0
127 Notes, Loans, & Mortgages Receivable - Current										\$0			
128 Fraud Recovery										\$0			
128.1 Allowance for Doubtful Accounts - Fraud										\$0			
129 Accrued Interest Receivable			\$16,272	\$1,104						\$0	\$17,376		\$17,376
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$0	\$103	\$16,831	\$4,729	\$73,496	\$26,949	\$0	\$298,124	\$0	\$821	\$421,053	\$0	\$421,053
131 Investments - Unrestricted			\$480,000	\$70,015						\$0	\$550,015	-\$550,015	\$0
132 Investments - Restricted										\$0			
135 Investments - Restricted for Payment of Current Liability										\$0			
142 Prepaid Expenses and Other Assets			\$10,751	\$224				\$5,818		\$0	\$16,793		\$16,793
143 Inventories			\$583					\$441		\$0	\$1,024		\$1,024
143.1 Allowance for Obsolete Inventories			\$0					\$0		\$0	\$0		\$0
144 Inter Program Due From								\$456,438		\$0	\$456,438	-\$456,438	\$0
145 Assets Held for Sale										\$0			
150 Total Current Assets	\$0	\$1,837	\$1,100,317	\$377,136	\$180,454	\$41,262	\$0	\$1,182,822	\$65,943	\$11,824	\$2,961,595	-\$1,006,453	\$1,955,142
161 Land			\$572,737					\$932,625	\$260,000	\$0	\$1,765,362		\$1,765,362
162 Buildings			\$5,609,971					\$8,225,273		\$0	\$13,835,244		\$13,835,244
163 Furniture, Equipment & Machinery - Dwellings								\$14,301		\$0	\$14,301		\$14,301

91800 Travel										\$0			
91810 Allocated Overhead										\$0			
91900 Other		\$2								\$6	\$8		\$8
91000 Total Operating - Administrative	\$0	\$5,326	\$153,491	\$660,319	\$314,290	\$20,404	\$0	\$785,770	\$0	\$6,349	\$1,945,949	-\$426,049	\$1,519,900
92000 Asset Management Fee										\$0			
92100 Tenant Services - Salaries				\$60,866	\$243,216			\$37,611		\$0	\$341,693		\$341,693
92200 Relocation Costs										\$0			
92300 Employee Benefit Contributions - Tenant Services				\$21,983	\$85,403			\$18,733		\$0	\$126,119		\$126,119
92400 Tenant Services - Other		\$2,427	\$5,144	\$532	\$122,656			\$42,135		\$0	\$172,894		\$172,894
92500 Total Tenant Services	\$0	\$2,427	\$5,144	\$83,381	\$451,275	\$0	\$0	\$98,479	\$0	\$0	\$640,706	\$0	\$640,706
93100 Water			\$39,855			\$64		\$28,668		\$0	\$68,587		\$68,587
93200 Electricity			\$29,292			\$469		\$47,932		\$0	\$77,693		\$77,693
93300 Gas								\$7,470		\$0	\$7,470		\$7,470
93400 Fuel										\$0			
93500 Labor										\$0			
93600 Sewer			\$67,401			\$202		\$59,584		\$0	\$127,187		\$127,187
93700 Employee Benefit Contributions - Utilities										\$0			
93800 Other Utilities Expense			\$43,308			\$70		\$21,790		\$0	\$65,168		\$65,168
93000 Total Utilities	\$0	\$0	\$179,856	\$0	\$0	\$805	\$0	\$165,444	\$0	\$0	\$346,105	\$0	\$346,105
94100 Ordinary Maintenance and Operations - Labor			\$143,233			\$62		\$150,113		\$0	\$293,408		\$293,408
94200 Ordinary Maintenance and Operations - Materials and Other			\$41,152					\$38,354		\$0	\$79,506		\$79,506
94300 Ordinary Maintenance and Operations Contracts			\$100,697			\$97		\$129,535		\$0	\$230,329		\$230,329
94500 Employee Benefit Contributions - Ordinary Maintenance			\$58,301			\$28		\$74,883		\$0	\$133,212		\$133,212
94000 Total Maintenance	\$0	\$0	\$343,383	\$0	\$0	\$187	\$0	\$392,885	\$0	\$0	\$736,455	\$0	\$736,455
95100 Protective Services - Labor										\$0			
95200 Protective Services - Other Contract Costs			\$1,671					\$7,528		\$0	\$9,199		\$9,199
95300 Protective Services - Other										\$0			
95500 Employee Benefit Contributions - Protective Services										\$0			
95000 Total Protective Services	\$0	\$0	\$1,671	\$0	\$0	\$0	\$0	\$7,528	\$0	\$0	\$9,199	\$0	\$9,199
96110 Property Insurance		\$35	\$21,984	\$4,797	\$4,132	\$281		\$26,722		\$42	\$57,993		\$57,993
96120 Liability Insurance										\$0			
96130 Workmen's Compensation										\$0			
96140 All Other Insurance										\$0			
96100 Total insurance Premiums	\$0	\$35	\$21,984	\$4,797	\$4,132	\$281	\$0	\$26,722	\$0	\$42	\$57,993	\$0	\$57,993
96200 Other General Expenses			\$3,799	\$26,946				\$91,030		\$0	\$121,775		\$121,775
96210 Compensated Absences								\$292		\$0	\$292		\$292

96300 Payments in Lieu of Taxes										\$0			
96400 Bad debt - Tenant Rents			\$287	\$744				\$1,798		\$0	\$2,829		\$2,829
96500 Bad debt - Mortgages										\$0			
96600 Bad debt - Other										\$0			
96800 Severance Expense										\$0			
96000 Total Other General Expenses	\$0	\$0	\$4,086	\$27,690	\$0	\$0	\$0	\$93,120	\$0	\$0	\$124,896	\$0	\$124,896
96710 Interest of Mortgage (or Bonds) Payable	\$172,225		\$89,656			\$823		\$253,672		\$0	\$516,376		\$516,376
96720 Interest on Notes Payable (Short and Long Term)					\$704					\$0	\$704		\$704
96730 Amortization of Bond Issue Costs										\$0			
96700 Total Interest Expense and Amortization Cost	\$172,225	\$0	\$89,656	\$0	\$704	\$823	\$0	\$253,672	\$0	\$0	\$517,080	\$0	\$517,080
96900 Total Operating Expenses	\$172,225	\$7,788	\$799,271	\$776,187	\$770,401	\$22,500	\$0	\$1,823,620	\$0	\$6,391	\$4,378,383	-\$426,049	\$3,952,334
97000 Excess of Operating Revenue over Operating Expenses	\$0	\$71,041	\$183,007	\$6,915,542	\$69,688	\$199,520	\$0	\$736,574	\$0	\$75,016	\$8,250,388	\$0	\$8,250,388
97100 Extraordinary Maintenance										\$0			
97200 Casualty Losses - Non-capitalized					-\$427					\$0	-\$427		-\$427
97300 Housing Assistance Payments			\$264	\$6,598,624		\$263,461				\$73,527	\$6,935,876		\$6,935,876
97350 HAP Portability-In				\$478,393						\$0	\$478,393		\$478,393
97400 Depreciation Expense			\$189,489	\$8,673	\$3,072			\$284,908		\$0	\$486,142		\$486,142
97500 Fraud Losses										\$0			
97600 Capital Outlays - Governmental Funds										\$0			
97700 Debt Principal Payment - Governmental Funds										\$0			
97800 Dwelling Units Rent Expense										\$0			
90000 Total Expenses	\$172,225	\$7,788	\$989,024	\$7,861,877	\$773,046	\$285,961	\$0	\$2,108,528	\$0	\$79,918	\$12,278,367	-\$426,049	\$11,852,318
10010 Operating Transfer In										\$0			
10020 Operating transfer Out										\$0			
10030 Operating Transfers from/to Primary Government										\$0			
10040 Operating Transfers from/to Component Unit										\$0			
10050 Proceeds from Notes, Loans and Bonds										\$0			
10060 Proceeds from Property Sales										\$0			
10070 Extraordinary Items, Net Gain/Loss										\$0			
10080 Special Items (Net Gain/Loss)										\$0			
10091 Inter Project Excess Cash Transfer In										\$0			
10092 Inter Project Excess Cash Transfer Out										\$0			
10093 Transfers between Program and Project - In						\$63,678		\$58,496		\$0	\$122,174		\$122,174
10094 Transfers between Project and Program - Out		-\$89,274					-\$32,900			\$0	-\$122,174		-\$122,174
10100 Total Other financing Sources (Uses)	\$0	-\$89,274	\$0	\$0	\$0	\$63,678	-\$32,900	\$58,496	\$0	\$0	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$0	-\$18,233	-\$6,746	-\$170,148	\$67,043	-\$263	-\$32,900	\$510,162	\$0	\$1,489	\$350,404	\$0	\$350,404

11020 Required Annual Debt Principal Payments	\$0	\$0	\$108,163	\$0	\$4,825	\$0	\$0	\$1,103,337	\$0	\$0	\$1,216,325	\$1,216,325
11030 Beginning Equity	\$0	\$18,459	\$298,447	\$459,130	\$70,153	\$180,103	\$32,900	\$1,426,603	\$0	\$10,076	\$2,495,871	\$2,495,871
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors			-\$15,383			\$0		-\$63,126	\$1,247,613	\$0	\$1,169,104	\$1,169,104
11050 Changes in Compensated Absence Balance										\$0		
11060 Changes in Contingent Liability Balance										\$0		
11070 Changes in Unrecognized Pension Transition Liability										\$0		
11080 Changes in Special Term/Severance Benefits Liability										\$0		
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents										\$0		
11100 Changes in Allowance for Doubtful Accounts - Other										\$0		
11170 Administrative Fee Equity				\$102,456						\$0	\$102,456	\$102,456
11180 Housing Assistance Payments Equity				\$186,526						\$0	\$186,526	\$186,526
11190 Unit Months Available			1812	16584	1041	684		3636	0	144	23901	23901
11210 Number of Unit Months Leased			1758	14859	1000	495		3532	0	129	21773	21773
11270 Excess Cash										\$0		
11610 Land Purchases										\$0		
11620 Building Purchases										\$0		
11630 Furniture & Equipment - Dwelling Purchases										\$0		
11640 Furniture & Equipment - Administrative Purchases										\$0		
11650 Leasehold Improvements Purchases										\$0		
11660 Infrastructure Purchases										\$0		
13510 CFFP Debt Service Payments										\$0		
13901 Replacement Housing Factor Funds										\$0		

Housing Authority City of Longview (WA007)
Longview, WA

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 09/30/2014

	10.415 Rural Rental Housing Loans	14.228 Community Development Block Grants/State's Program	10.427 Rural Rental Assistance Payments	14.871 Housing Choice Vouchers	64.024 VA Homeless Providers Grant and Per Diem Program	14.239 HOME Investment Partnerships Program	8 Other Federal Program 1	1 Business Activities	6.1 Component Unit - Discretely Presented	14.856 Lower Income Housing Assistance Program_Section 8 Moderate	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue			\$427,105					\$960,704		\$0	\$1,387,809		\$1,387,809
70400 Tenant Revenue - Other			\$51,134					\$22,340		\$0	\$73,474		\$73,474
70500 Total Tenant Revenue	\$0	\$0	\$478,239	\$0	\$0	\$0	\$0	\$983,044	\$0	\$0	\$1,461,283	\$0	\$1,461,283
70600 HUD PHA Operating Grants				\$7,163,327						\$81,407	\$7,244,734		\$7,244,734
70610 Capital Grants								\$255,000		\$0	\$255,000		\$255,000
70710 Management Fee										\$0			
70720 Asset Management Fee										\$0			
70730 Book Keeping Fee										\$0			
70740 Front Line Service Fee										\$0			
70750 Other Fees										\$0			
70700 Total Fee Revenue										\$0	\$0	\$0	\$0
70800 Other Government Grants	\$172,225	\$78,829	\$487,758	\$35,714	\$835,138	\$299,926		\$424,160		\$0	\$2,333,750		\$2,333,750
71100 Investment Income - Unrestricted			\$16,272	\$2,374				\$85		\$0	\$18,731		\$18,731
71200 Mortgage Interest Income										\$0			
71300 Proceeds from Disposition of Assets Held for Sale						\$77,500				\$0	\$77,500		\$77,500
71310 Cost of Sale of Assets						-\$165,406				\$0	-\$165,406		-\$165,406
71400 Fraud Recovery				\$2,892						\$0	\$2,892		\$2,892
71500 Other Revenue				\$487,418	\$4,951	\$10,000		\$861,822		\$0	\$1,364,191	-\$426,049	\$938,142
71600 Gain or Loss on Sale of Capital Assets								\$36,067		\$0	\$36,067		\$36,067
72000 Investment Income - Restricted			\$9	\$4				\$16		\$0	\$29		\$29
70000 Total Revenue	\$172,225	\$78,829	\$982,278	\$7,691,729	\$840,089	\$222,020	\$0	\$2,560,194	\$0	\$81,407	\$12,628,771	-\$426,049	\$12,202,722
91100 Administrative Salaries		\$2,256	\$14,770	\$243,900	\$94,023	\$3,570		\$454,003		\$1,972	\$814,494		\$814,494
91200 Auditing Fees		\$227	\$2,355	\$21,059	\$637	\$882		\$2,355		\$194	\$27,709		\$27,709
91300 Management Fee		\$1,482	\$95,070	\$217,508	\$45,584	\$8,170		\$59,020		\$2,808	\$429,642	-\$426,049	\$3,593
91310 Book-keeping Fee										\$0			
91400 Advertising and Marketing			\$8,002			\$1,635				\$0	\$9,637		\$9,637
91500 Employee Benefit contributions - Administrative		\$942	\$33,294	\$107,502	\$30,483	\$6,147		\$169,074		\$867	\$348,309		\$348,309
91600 Office Expenses		\$417		\$70,350	\$143,563			\$101,318		\$502	\$316,150		\$316,150
91700 Legal Expense										\$0			

91800 Travel										\$0			
91810 Allocated Overhead										\$0			
91900 Other		\$2								\$6	\$8		\$8
91000 Total Operating - Administrative	\$0	\$5,326	\$153,491	\$660,319	\$314,290	\$20,404	\$0	\$785,770	\$0	\$6,349	\$1,945,949	-\$426,049	\$1,519,900
92000 Asset Management Fee										\$0			
92100 Tenant Services - Salaries				\$60,866	\$243,216			\$37,611		\$0	\$341,693		\$341,693
92200 Relocation Costs										\$0			
92300 Employee Benefit Contributions - Tenant Services				\$21,983	\$85,403			\$18,733		\$0	\$126,119		\$126,119
92400 Tenant Services - Other		\$2,427	\$5,144	\$532	\$122,656			\$42,135		\$0	\$172,894		\$172,894
92500 Total Tenant Services	\$0	\$2,427	\$5,144	\$83,381	\$451,275	\$0	\$0	\$98,479	\$0	\$0	\$640,706	\$0	\$640,706
93100 Water			\$39,855			\$64		\$28,668		\$0	\$68,587		\$68,587
93200 Electricity			\$29,292			\$469		\$47,932		\$0	\$77,693		\$77,693
93300 Gas								\$7,470		\$0	\$7,470		\$7,470
93400 Fuel										\$0			
93500 Labor										\$0			
93600 Sewer			\$67,401			\$202		\$59,584		\$0	\$127,187		\$127,187
93700 Employee Benefit Contributions - Utilities										\$0			
93800 Other Utilities Expense			\$43,308			\$70		\$21,790		\$0	\$65,168		\$65,168
93000 Total Utilities	\$0	\$0	\$179,856	\$0	\$0	\$805	\$0	\$165,444	\$0	\$0	\$346,105	\$0	\$346,105
94100 Ordinary Maintenance and Operations - Labor			\$143,233			\$62		\$150,113		\$0	\$293,408		\$293,408
94200 Ordinary Maintenance and Operations - Materials and Other			\$41,152					\$38,354		\$0	\$79,506		\$79,506
94300 Ordinary Maintenance and Operations Contracts			\$100,697			\$97		\$129,535		\$0	\$230,329		\$230,329
94500 Employee Benefit Contributions - Ordinary Maintenance			\$58,301			\$28		\$74,883		\$0	\$133,212		\$133,212
94000 Total Maintenance	\$0	\$0	\$343,383	\$0	\$0	\$187	\$0	\$392,885	\$0	\$0	\$736,455	\$0	\$736,455
95100 Protective Services - Labor										\$0			
95200 Protective Services - Other Contract Costs			\$1,671					\$7,528		\$0	\$9,199		\$9,199
95300 Protective Services - Other										\$0			
95500 Employee Benefit Contributions - Protective Services										\$0			
95000 Total Protective Services	\$0	\$0	\$1,671	\$0	\$0	\$0	\$0	\$7,528	\$0	\$0	\$9,199	\$0	\$9,199
96110 Property Insurance		\$35	\$21,984	\$4,797	\$4,132	\$281		\$26,722		\$42	\$57,993		\$57,993
96120 Liability Insurance										\$0			
96130 Workmen's Compensation										\$0			
96140 All Other Insurance										\$0			
96100 Total insurance Premiums	\$0	\$35	\$21,984	\$4,797	\$4,132	\$281	\$0	\$26,722	\$0	\$42	\$57,993	\$0	\$57,993
96200 Other General Expenses			\$3,799	\$26,946				\$91,030		\$0	\$121,775		\$121,775
96210 Compensated Absences								\$292		\$0	\$292		\$292

96300 Payments in Lieu of Taxes										\$0			
96400 Bad debt - Tenant Rents			\$287	\$744				\$1,798		\$0	\$2,829		\$2,829
96500 Bad debt - Mortgages										\$0			
96600 Bad debt - Other										\$0			
96800 Severance Expense										\$0			
96000 Total Other General Expenses	\$0	\$0	\$4,086	\$27,690	\$0	\$0	\$0	\$93,120	\$0	\$0	\$124,896	\$0	\$124,896
96710 Interest of Mortgage (or Bonds) Payable	\$172,225		\$89,656			\$823		\$253,672		\$0	\$516,376		\$516,376
96720 Interest on Notes Payable (Short and Long Term)					\$704					\$0	\$704		\$704
96730 Amortization of Bond Issue Costs										\$0			
96700 Total Interest Expense and Amortization Cost	\$172,225	\$0	\$89,656	\$0	\$704	\$823	\$0	\$253,672	\$0	\$0	\$517,080	\$0	\$517,080
96900 Total Operating Expenses	\$172,225	\$7,788	\$799,271	\$776,187	\$770,401	\$22,500	\$0	\$1,823,620	\$0	\$6,391	\$4,378,383	-\$426,049	\$3,952,334
97000 Excess of Operating Revenue over Operating Expenses	\$0	\$71,041	\$183,007	\$6,915,542	\$69,688	\$199,520	\$0	\$736,574	\$0	\$75,016	\$8,250,388	\$0	\$8,250,388
97100 Extraordinary Maintenance										\$0			
97200 Casualty Losses - Non-capitalized					-\$427					\$0	-\$427		-\$427
97300 Housing Assistance Payments			\$264	\$6,598,624		\$263,461				\$73,527	\$6,935,876		\$6,935,876
97350 HAP Portability-In				\$478,393						\$0	\$478,393		\$478,393
97400 Depreciation Expense			\$189,489	\$8,673	\$3,072			\$284,908		\$0	\$486,142		\$486,142
97500 Fraud Losses										\$0			
97600 Capital Outlays - Governmental Funds										\$0			
97700 Debt Principal Payment - Governmental Funds										\$0			
97800 Dwelling Units Rent Expense										\$0			
90000 Total Expenses	\$172,225	\$7,788	\$989,024	\$7,861,877	\$773,046	\$285,961	\$0	\$2,108,528	\$0	\$79,918	\$12,278,367	-\$426,049	\$11,852,318
10010 Operating Transfer In										\$0			
10020 Operating transfer Out										\$0			
10030 Operating Transfers from/to Primary Government										\$0			
10040 Operating Transfers from/to Component Unit										\$0			
10050 Proceeds from Notes, Loans and Bonds										\$0			
10060 Proceeds from Property Sales										\$0			
10070 Extraordinary Items, Net Gain/Loss										\$0			
10080 Special Items (Net Gain/Loss)										\$0			
10091 Inter Project Excess Cash Transfer In										\$0			
10092 Inter Project Excess Cash Transfer Out										\$0			
10093 Transfers between Program and Project - In						\$63,678		\$58,496		\$0	\$122,174		\$122,174
10094 Transfers between Project and Program - Out		-\$89,274					-\$32,900			\$0	-\$122,174		-\$122,174
10100 Total Other financing Sources (Uses)	\$0	-\$89,274	\$0	\$0	\$0	\$63,678	-\$32,900	\$58,496	\$0	\$0	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$0	-\$18,233	-\$6,746	-\$170,148	\$67,043	-\$263	-\$32,900	\$510,162	\$0	\$1,489	\$350,404	\$0	\$350,404

11020 Required Annual Debt Principal Payments	\$0	\$0	\$108,163	\$0	\$4,825	\$0	\$0	\$1,103,337	\$0	\$0	\$1,216,325	\$1,216,325
11030 Beginning Equity	\$0	\$18,459	\$298,447	\$459,130	\$70,153	\$180,103	\$32,900	\$1,426,603	\$0	\$10,076	\$2,495,871	\$2,495,871
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors			-\$15,383			\$0		-\$63,126	\$1,247,613	\$0	\$1,169,104	\$1,169,104
11050 Changes in Compensated Absence Balance										\$0		
11060 Changes in Contingent Liability Balance										\$0		
11070 Changes in Unrecognized Pension Transition Liability										\$0		
11080 Changes in Special Term/Severance Benefits Liability										\$0		
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents										\$0		
11100 Changes in Allowance for Doubtful Accounts - Other										\$0		
11170 Administrative Fee Equity				\$102,456						\$0	\$102,456	\$102,456
11180 Housing Assistance Payments Equity				\$186,526						\$0	\$186,526	\$186,526
11190 Unit Months Available			1812	16584	1041	684		3636	0	144	23901	23901
11210 Number of Unit Months Leased			1758	14859	1000	495		3532	0	129	21773	21773
11270 Excess Cash										\$0		
11610 Land Purchases										\$0		
11620 Building Purchases										\$0		
11630 Furniture & Equipment - Dwelling Purchases										\$0		
11640 Furniture & Equipment - Administrative Purchases										\$0		
11650 Leasehold Improvements Purchases										\$0		
11660 Infrastructure Purchases										\$0		
13510 CFFP Debt Service Payments										\$0		
13901 Replacement Housing Factor Funds										\$0		