

HOUSING AUTHORITY OF THE CITY OF LONGVIEW

FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2015



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, 2015

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>
14.871	Section 8 Housing Choice Vouchers
64.024	VA Homeless Providers Grant and Per Diem Program

Housing Authority of the City of Longview

Schedule of Findings and Questioned Costs - (Continued)

Year Ended September 30, 2015

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 No

SECTION II - FINANCIAL STATEMENT FINDINGS

No findings were noted.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No findings were noted.



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, 2015, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated January 14, 2016.

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.

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.

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)

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.



Bellevue, Washington
January 14, 2016



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, 2015. 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, 2015.

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.

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.

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

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 black ink, appearing to read "Lovelace Hunt, CPA". The signature is written in a cursive style.

Bellevue, Washington

January 14, 2016



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, 2015, 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, 2015, 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 1 and Note 14 to the financial statements, during the year ended September 31, 2015, the Authority implemented Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. 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 13 to 19 and pension schedules on pages 48 to 49 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 on page 50 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 January 14, 2016, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters for the year ended September 30, 2015. 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.

A handwritten signature in black ink, appearing to read "Lovelace Kent" followed by a stylized flourish.

Bellevue, Washington
January 14, 2016

FINANCIAL SECTION

HOUSING AUTHORITY OF THE CITY OF LONGVIEW
Management's Discussion and Analysis
September 30, 2015

The Housing Authority of the City of Longview, doing business as the Longview Housing Authority ("Authority"), management's discussion and analysis is intended 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 a separate limited partnership 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 (Notes 1, 3, 4, 5, 10 and 11). With those exceptions, neither this unit, nor its financial data, is included in the analysis and financial reports that follow.

Financial Highlights

- The Authority's overall cash position decreased by \$250 thousand (17%) during the year. Unrestricted cash and cash equivalents increased by \$87 thousand (18%) and restricted cash and cash equivalents decreased by \$337 thousand (35%). The reduction in restricted cash is the result of the completion of several capital projects.
- The Authority maintained average occupancy rate of 98% across all projects.
- Total assets and deferred outflows of resources of the authority exceeded total liabilities and deferred inflows of resources at September 30th, 2015 by \$1.5 million, which is a decrease of \$1.2 million (45%) during the year. This decrease is the result of implementing GASB's 68 and 71 Accounting and Financial Reporting for Pensions. These requirements revise existing and establish new financial reporting requirements for most governments that provide their employees with pension benefits.
- The change in net position for 2015 was an increase of \$222 thousand. This increase is offset by a \$1.4 million charge against the beginning Net Position for changes in pension accounting. The ending Net Position for the year is \$1.5 million.
- Operating revenues were \$1.8 million and non-operating (grants and interest) revenues were \$11 million.
- Operating expenses were \$12 million and include \$7.6 million in housing assistance payments made to landlords (65% of operating expenses).
- Three construction projects were completed this year and \$699 thousand of construction in progress was moved to fixed assets.

- The Authority realized a gain of \$710 thousand on the sale of property declared surplus.

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 (the "Unrestricted 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 Position", which is similar to Net Income or Loss.

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

The financial 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 Statement of Net Position includes all assets, liabilities, deferred inflows and deferred outflows of the Authority using the accrual basis of accounting. The following table reflects the condensed information from the authority's Statement of Net Position for the last fiscal year.

<u>Condensed Statement of Net Position</u>	<u>9/30/2015</u>	<u>9/30/2014</u>
Current and Other Assets	\$ 1,488,239	\$ 1,889,199
Non-current and Capital Assets	14,610,279	14,930,048
Total Assets	<u>16,098,518</u>	<u>16,819,247</u>
Deferred Outflows of Resources	134,564	
Current Liabilities	892,070	1,688,024
Long-term Liabilities	13,612,224	12,363,457
Total Liabilities	<u>14,504,294</u>	<u>14,051,481</u>
Deferred Inflows of Resources	207,782	
Net Assets:		
Invested in Capital Assets, Net of Related Debt	922,587	812,923
Restricted Cash and Investments	578,326	911,913
Unrestricted	20,093	1,042,930
Total Net Position	<u>\$ 1,521,006</u>	<u>\$ 2,767,766</u>

Major Factors Affecting the Statement of Net Position

The Statement of Net Position measures the amount by which assets exceed the corresponding liabilities or net position. Over time this may serve as useful measure of the Authority's financial position. The total net position of \$1.5 million is in three categories.

- Investment in Capital Assets represents the book value amount invested in capital assets net of depreciation and related debt. The primary change that affected this category was the result of our ability to generate net operating income due to a strong local rental market, while at the same time lowering our overall debt through the normal repayment and reduction of the principal balances.
- The Restricted Net Position consists of two components, debt service reserves held by trustees to support our debt service commitments and Housing Choice Voucher housing assistance payment (HAP) reserves. HAP reserves are restricted and can only be used for housing assistance payments for our Housing Choice Voucher program. The change in this portion of the Net Position reflects changes to the Housing Choice Voucher HAP reserve and

the development reserve. HUD implemented changes to their cash management procedures whereby HUD would hold back reserves for the payment of housing assistance payments until they are needed. This requirement led to the Authority using the existing reserves for the housing assistance payments before HUD will disburse additional funds to the Authority. This resulted in a reduction of our HAP reserves of \$158 thousand. Several capital projects were completed during the year which resulted in a reduction of construction reserves by \$183 thousand.

- The Unrestricted Net Position represents the Authority's unrestricted cash and investments, which is essentially anything that does not fall into the first two categories. The decrease in this category is the result of implementing GASB's 68 and 71 Accounting and Financial Reporting for Pensions. These requirements revise existing and establish new financial reporting requirements for most governments that provide their employees with pension benefits. The accounting changes have resulted in a decrease of approximately \$1.2 million.

The Statement of Revenues, Expenses and Changes in Net Position present the results of operations as well as the non-operating revenues and expenses. It is necessary to consider both operating and non-operating revenues and expenses to gauge the results of operations because the distinctions between operating and non-operating may not be apparent to the casual observer. As a result we believe it best to consider all sources and uses of resources. The following table presents the Condensed Statement of Revenues, Expenses and Changes in Net Position compared to prior year.

Condensed Statement of Revenues, Expenses and Changes in Net Position	2015	2014
Revenues		
Operating		
Tenant Revenue	\$1,346,762	\$1,464,175
Other	440,016	583,855
Non-Operating		
Government Operating Subsidies and Grants	9,884,333	9,578,484
Gain on Sale of Fixed Assets	710,113	36,067
Investment Income	40,828	18,760
Other	-	266,808
Total Revenue	12,422,052	11,948,149
Expenses		
Operating		
Administrative	1,516,345	1,519,900
Tenant Services	829,815	640,706
Utilities	335,389	346,105
Ordinary Maintenance and Operations	820,894	745,654
Housing Assistance Payments	7,581,270	7,414,269
Depreciation and Amortization	501,612	486,142
Other General Expenses	143,904	182,889
Non-Operating		
Interest and Others	470,696	517,080
Total Expenses	12,199,925	11,852,745
Excess (Deficiency) of Revenues over Expenses	222,127	95,404

Capital Grants and Contributions	-	255,000
Special Items		
Transfers		
Change in Net Position	222,127	350,404
Change in Accounting Policy	(1,468,887)	(78,509)
Net Position, Beginning of year	2,767,766	2,495,871
Net Position, End of Year	<u>\$1,521,006</u>	<u>\$2,767,766</u>

Major Factors Affecting the Statement of Revenues, Expenses and Changes in Net Position

Direct grants and subsidies from HUD, USDA, VA and others grant programs, make up 80% of the revenue received. The largest program the Authority administers is the Housing Choice Voucher program, commonly known as the Section 8 program. This program also generates our largest single category of expense in the form of HAPs, which are transfer payments to private landlords to assist eligible low income families with their rent.

A major factor affecting our Statement of Revenues, Expenses and Changes in Net Position is Congress' continued appropriation and support for these programs. In fiscal year 2015, this support increased slightly from the previous fiscal year. However, because of rising rents and high occupancy rates in our local rental market, the Authority is assisting fewer families.

Conversely, as a result of these factors, our owned real estate has performed well in the local rental market. The Cowlitz County rental market is influenced by the Portland, OR and Vancouver, WA rental markets. The rental market in Cowlitz County has remained strong. This has led to rising rent levels and corresponding lower vacancy rates. We expect to see rents remain firm and likely increase, which should lead to increases in our operating revenues, however this would be offset by potentially lower revenues from our governmental sponsored programs.

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 \$106 thousand mainly because the Authority sold two properties.
- Construction in Progress decreased by \$699 thousand as a result of the completion of the Stratford Apartments, Hemlock and 33rd Avenue renovations.
- Buildings, improvements & fixtures decreased by \$790 thousand with the sale of the Blackstone Apartments and a single family residence. This was offset with \$1.08 million in increases for renovations to the Stratford and Hemlock Apartments.

As of the year end, the Authority had \$13 million invested in a variety of capital assets as reflected in the following schedule, which represents a net decrease of \$457 thousand from the end of last year.

Change in Capital Assets	2015	2014	Net Change
Land	\$ 1,399,015	\$ 1,505,362	\$ (106,347)
Construction in progress	-	698,726	(698,726)
Building, improvements & fixtures	14,125,108	13,835,245	289,863
Leasehold improvements	2,727,053	2,727,052	1
Machinery, vehicles & equipment	234,116	241,380	(7,264)
Less accumulated depreciation	(5,065,793)	(5,131,040)	65,247
Total capital assets (net)	\$ 13,419,499	\$ 13,876,725	\$ (457,226)

Long-Term Debt

As of September 30th, 2015 the Authority had \$12.5 million of loans, notes, mortgages, revenue bonds and compensated absences outstanding. This is a decrease of \$589 thousand from the prior year balance of \$13.1 million. The reduction in our overall debt was due to the sale of the Blackstone Apartments and the repayment of the outstanding debt. There was also the reduction in our debt due to normal repayment of debt service. This information is presented in detail in notes 5 and 10 in the notes to the financial statements.

Change in Long Term Debt & Compensated Absences	2015	2014	Net Change
Balance at the Beginning of the Fiscal Year	\$ 13,137,133	\$ 13,603,837	
Additions	245,509	33,857	
Payoffs and Redemptions	834,653	500,561	
Balance as of the End of the Fiscal Year	\$ 12,547,989	\$ 13,137,133	\$ (589,144)

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 programs 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 2014 and 2015 and are expected for 2016:

- The administrative cost portion of the Housing Choice Voucher program funding was funded at 79.5% of eligibility during 2014 and 81% of eligibility during 2015. Funding for 2016 is not expected to improve.
- The Section 8 Housing Choice Voucher program Housing Assistance Payments was funded at 99% of eligibility during 2014 and 99% of eligibility in 2015. Funding for 2016 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 partnerships 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 is unchanged from 7.0% in September 2014 and 7.0% in September 2015 according to the U.S. Bureau of Labor Statistics (www.bls.gov).

Other Potentially Significant Matters

In 2015, the Authority began assisting the Joint Pacific County Housing Authority to form the limited partnership Discovery Village GP LLC (“the Partnership”). The Partnership intends to apply for a tax credit allocation to develop approximately thirty eight apartment units in Pacific County.

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.

Housing Authority of the City of Longview

Statement of Net Position

September 30, 2015

	Authority	Component Unit	
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 576,968	\$ 45,984	
Receivables (Net)	246,981	2,432	
Inventory	2,031	-	
Prepayments	39,281	9,824	
Restricted Assets:			
Cash - Restricted for Current Payables	47,666	-	
Tenant Security Deposits	69,052	10,625	
Replacement Reserves	473,973	-	
Development	1,113	-	
Housing Assistance Payments	17,573	-	
Cash - Other	13,601	-	
Total Current Assets	1,488,239	68,865	
Noncurrent Assets			
Loans Receivable	852,204	-	
Cash and Cash Equivalents	-	500	
Investments	72,066	-	
Investment in Tax Credit Partnership	266,510		
Capital Assets			
Land	1,399,015	300,259	
Land improvements	-	615,439	
Buildings	16,852,161	6,978,960	
Equipment	234,116	227,935	
Less Accumulated Depreciation	(5,065,793)	(159,624)	
Total Capital Assets (Net)	13,419,499	7,962,969	
Other Assets	-	77,210	
Total Non-Current Assets	14,610,279	8,040,679	
TOTAL ASSETS	\$ 16,098,518	\$ 8,109,544	
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows Related to Pensions	\$ 134,564	\$ -	

Housing Authority of the City of Longview

Statement of Net Position - (Continued)

September 30, 2015

	<u>Authority</u>	<u>Component Unit</u>
LIABILITIES		
Current Liabilities		
Accounts Payable	\$ 168,515	\$ 26,215
Accrued Liabilities	238,930	19,433
Current Portion of Long-Term Debt	291,588	14,782
Tenant Security Deposits	69,052	10,625
Unearned Revenue	75,943	6,464
Other Current Liabilities	48,042	181,366
Total Current Liabilities	<u>892,070</u>	<u>258,885</u>
Noncurrent Liabilities		
Compensated Absences	46,624	-
Long-Term Debt	12,205,324	1,601,947
Accrued Pension Liability	1,360,276	-
Total Noncurrent Liabilities	<u>13,612,224</u>	<u>1,601,947</u>
TOTAL LIABILITIES	<u><u>\$ 14,504,294</u></u>	<u><u>\$ 1,860,832</u></u>
DEFERRED INFLOWS OF RESOURCES		
Deferred Inflows Related to Pensions	<u>\$ 207,782</u>	<u>\$ -</u>
NET POSITION		
Invested in Capital Assets, Net of Related Debt	\$ 922,587	\$ 6,346,240
Restricted Net Assets	578,326	500
Unrestricted Net Assets	20,093	(98,028)
TOTAL NET POSITION	<u><u>\$ 1,521,006</u></u>	<u><u>\$ 6,248,712</u></u>

Housing Authority of the City of Longview
Statement of Revenues, Expenses, and Changes in Fund Net Position
For the Year Ended September 30, 2015

	Authority	Component Unit
OPERATING REVENUES		
Net Tenant Rental Revenue	\$ 1,274,821	\$ 129,535
Tenant Revenue - Other	71,941	1,326
Other Revenue	440,016	562
Total Operating Revenue	1,786,778	131,423
OPERATING EXPENSES		
Administration	1,516,345	52,516
Tenant Services	829,815	16,406
Utilities	335,389	24,359
Ordinary Maintenance and Operations	820,894	8,098
Housing Assistance Payments	7,581,270	-
Depreciation and Amortization Expense	501,612	165,139
Other General Expenses	143,904	13,295
Total Operating Expenses	11,729,229	279,813
OPERATING INCOME (LOSS)	(9,942,451)	(148,390)
NONOPERATING REVENUES (EXPENSES)		
HUD Subsidies and Grant Revenue	7,818,771	-
Other Government Grants	2,065,562	-
Investment Income	40,828	-
Gain (Loss) on Sale of Capital Asset	710,113	-
Other Revenue (Expenses)	-	(23,617)
Interest Expense	(470,696)	(58,522)
Total NonOperating Revenues (Expenses)	10,164,578	(82,139)
Income (Loss) before Contributions, Transfers, Extraordinary and Special Items	222,127	(230,529)
CAPITAL CONTRIBUTIONS	-	5,231,628
CHANGE IN NET POSITION	222,127	5,001,099
BEGINNING TOTAL NET POSITION - 10/1/2014	2,767,766	1,247,613
Change in Accounting Policy (See Notes 14 and 15)	(1,468,887)	-
BEGINNING TOTAL NET POSITION RESTATED - 10/1/2014	1,298,879	1,247,613
ENDING TOTAL NET ASSETS POSITION - 9/30/2015	\$ 1,521,006	\$ 6,248,712

Housing Authority of the City of Longview

Statement of Cash Flows

For the Year Ended September 30, 2015

	Authority	Component Unit
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Tenants	\$ 1,371,333	\$ 130,861
Payments to Employees	(2,062,880)	(22,674)
Payments to Suppliers	(1,505,274)	(88,341)
Housing Assistance Payments	(7,603,758)	-
Other Receipts (Payments)	1,048,758	562
Net cash provided (used) by operating activities	(8,751,821)	20,408
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Grant Receipts	9,902,725	-
Net cash provided by noncapital financing activities	9,902,725	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital Contributions	-	5,292,616
Sale (Purchase) of Capital Assets	(394,162)	(4,761,396)
Proceeds from Capital Debt	-	4,780,494
Payments on Capital Debt	(580,067)	(5,219,635)
Interest Payments on Capital Debt	(485,033)	(84,118)
Other Receipts (Payments)	-	(48,328)
Net cash provided (used) by capital and related financing activities	(1,459,262)	(40,367)
CASH FLOWS FROM INVESTING ACTIVITIES		
Sale (Purchase) of Investments	(6)	-
Interest and Dividends	57,981	-
Net Cash Provided by Investing Activities	57,975	-
Net Decrease in Cash and Cash Equivalents	(250,383)	(19,959)
Cash at the Beginning of the Year	1,450,329	65,943
Cash at the End of the Year	\$ 1,199,946	\$ 45,984
Cash and Cash Equivalents	576,968	45,984
Restricted Assets	622,978	-
Cash, Statement of Net Position, at the End of the Year	\$ 1,199,946	\$ 45,984
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 \$698,726 to Buildings in Fixed Assets.		
B. The Authority had a transactions that resulted in the acquisition of capital assets of \$3,541 which was financed through accounts payable.		
C. Implementation of GASB 68 resulted in the recognition of pension liability of \$1,360,276.		
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Operating Income (Loss)	\$ (9,942,451)	\$ (148,390)
Adjustments to Reconcile Operating Income (Loss) to Net Cash:		
Depreciation Expense & Amortization	501,612	165,139
Changes in Assets and Liabilities:		
Decrease (Increase) in Receivables	2,978	(2,432)
Decrease (Increase) in Investments	(6)	(9,824)
Decrease (Increase) in Prepaid Expenses	(22,488)	-
Decrease (Increase) in Inventories	(1,007)	-
Increase (Decrease) in Accounts Payable	23,263	(20,730)
Increase (Decrease) in Other Payables	613,060	-
Net Increase (Decrease) in Other Operating Net Assets	73,218	36,645
Total Adjustments	1,190,630	168,798
NET CASH PROVIDED (USED) IN OPERATING ACTIVITIES	\$ (8,751,821)	\$ 20,408

HOUSING AUTHORITY OF THE CITY OF LONGVIEW

Notes to the Financial Statements
for the Year Ended September 30, 2015

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, 2015, two new accounting standards (Statement No. 68 and 71 related to accounting and financial reporting for pensions.) issued by the GASB became effective and were implemented by the Housing Authority where necessary or applicable. These requirements revise existing requirements and establish new financial reporting requirements for most governments that provide their employees with pension benefits. These statements have 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 (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 Authority has one component unit, which met the criteria for discrete presentation in the Authority's basic financial statements (see note 11). A separate "Component Unit" column is presented in the financial statements to distinguish the balances and transactions from those of the primary government.

The Authority entered into a partnership to administer low income housing tax credits. 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. This partnership meets the requirement of GASB Statement 14 to be treated as a component unit. As such the partnership is considered a part of the reporting entity.

In accordance with GASB 14 (as amended by GASB 61), the Authority includes component unit financial statements with an ending date occurring during the Authority's fiscal year. The "Component Unit" financial statements are presented as

of December 31, 2014. 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.

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. Notes Receivable

Notes 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 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.

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 the Authority’s 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 10).

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 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.

o. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of all state sponsored pension plans and additions to/deductions from those plans' fiduciary net position have been determined on the same basis as they are reported by the Washington State Department of Retirement Systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. For details of the Pension Plans, see Note 12.

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 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 the year ended September 30, 2015, investments consisted of the following:

Investment	Value
U.S. Treasuries	\$ 72,066

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 the 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, 2014, the component units’ carrying amount of deposits was \$45,984. These deposits are entirely covered by Federal Depository Insurance Corporation (FDIC).

Note 4 – NOTES 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 notes receivable from the component unit in the amount of \$404,467 plus \$26,531 in accrued interest. The component unit discloses \$404,467 as a long term liability plus \$19,433 in accrued interest. The differences are the result of differing year ends of September 2015 for the Authority and December 2014 for the component unit.

Purpose	Original		Maturity	Interest Rate	9/30/2015
	Amount	Issue Date			Amount Outstanding
Lilac Place	\$ 404,467	Oct/2013	Jan/2058	3.28%	\$ 79,218
Lilac Place	338,200	Apr/2014	Oct/2058	3.28%	351,780
Homeownership	90,000	May/2015	Apr/2045	3.00%	89,224
	<u>832,667</u>				<u>520,222</u>
Forgivable Notes-Roulette	37,500	Dec/2008	Dec/2018	0.00%	12,187
Forgivable Notes-Partain	36,750	Jun/2009	Jun/2019	0.00%	13,781
Forgivable Notes-Roberts, C.	36,750	Sep/2009	Sep/2019	0.00%	14,700
Forgivable Notes-Chappelle	15,000	Mar/2010	Mar/2020	0.00%	6,750
Forgivable Notes-Dotson	38,000	Mar/2010	Jan/2020	0.00%	16,467
	<u>164,000</u>				<u>63,885</u>
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
Note - Taylor	40,000	May/2015	May/2025	0.00%	40,000
	<u>270,000</u>				<u>270,000</u>
	<u>\$ 1,266,667</u>				<u>\$ 854,107</u>

Notes receivable activity for the period ending 9/30/2015 were:

	Beginning Balance	Increases	Decreases	Ending Balance
Lilac Place	\$ 404,467	\$ 26,531	\$ -	\$ 430,998
Homeownership	-	90,000	776	89,224
Forgivable Notes	80,285	-	16,400	63,885
Notes	230,000	40,000	-	270,000
	<u>\$ 714,752</u>	<u>\$ 156,531</u>	<u>\$ 17,176</u>	<u>\$ 854,107</u>

Inter-program loans: See note 7 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.

Capital asset activity for the year ended September 30, 2015 was as follows:

Housing Authority

	Beginning			Ending
	Balance 10/01/2014	Increase	Decrease	Balance 9/30/2015
Capital assets not being depreciated:				
Land	\$ 1,505,362	\$ -	\$ 106,347	\$ 1,399,015
Construction in progress	698,726	905,550	1,604,276	-
Total capital assets not being depreciated	2,204,088	905,550	1,710,623	1,399,015
Capital assets being depreciated:				
Building Improvements	13,835,245	1,080,003	790,140	14,125,108
Furniture, Equipment & Machinery - Dwellings	14,301	-	-	14,301
Furniture, Equipment & Machinery - Administration	227,079	22,884	30,147	219,816
Leasehold Improvements	2,727,052	-	-	2,727,052
Total capital assets being depreciated	16,803,677	1,102,887	820,287	17,086,277
Less total accumulated depreciation	(5,131,040)	(525,482)	(590,729)	(5,065,793)
Total capital assets being depreciated, net	11,672,637	577,405	229,558	12,020,484
Total capital assets, net	\$ 13,876,725	\$ 1,482,955	\$ 1,940,181	\$ 13,419,499

Component Unit

Capital asset activity for the Component Unit for the year ended December 31, 2014 was as follows:

	Beginning			Ending
	Balance 12/31/2013	Increase	Decrease	Balance 12/31/2014
Capital assets not being depreciated:				
Land	\$ 260,000	\$ 40,259		\$ 300,259
Construction in progress	3,015,716	-	3,015,716	-
Total capital assets not being depreciated	3,275,716	40,259	3,015,716	300,259
Capital assets being depreciated:				
Land Improvements	-	615,439	-	615,439
Building Improvements	-	6,978,960	-	6,978,960
Furniture, Equipment & Machinery	-	227,935	-	227,935
Total capital assets being depreciated	-	7,822,334	-	7,822,334
Less total accumulated depreciation	-	(159,624)	-	(159,624)
Total capital assets being depreciated, net	-	7,662,710	-	7,662,710
Total capital assets, net	\$ 3,275,716	\$ 7,702,969	\$ 3,015,716	\$ 7,962,969

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 (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 – SHORT TERM DEBT

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. Short term inter-program loan activities for the year ended September 30th, 2015 were as follows:

From/To	Beginning			Rate	Ending
	Balance 10/1/2014	Issued	Redeemed		Balance 9/30/2015
Tulip Valley/Agency	\$ 228,758	\$ -	\$ -	3.39%	\$ 228,758
Hawthorne/Agency	102,185	-	-	3.39%	102,185
Columbia View/Agency	96,884	-	96,884	3.39%	-
Riverview/Agency	52,173	-	-	3.39%	52,173
Housing Choice Vouchers/Agency	70,015	-	70,015	3.39%	-
	\$ 550,015	-	\$ 166,899		\$ 338,116

Note 8 – LEASE COMMITMENTS

a. Operating Lease(s)

The Authority is committed under various leases for use of the copiers and postage equipment. These leases are considered operating leases for accounting purposes. Lease expenses for the year ended September 30, 2015 amounted to \$28,174.

Future minimum rental commitments for these leases are as follows:

Fiscal Year Ended	Minimum Lease Commitment
2016	\$ 15,281
2017	14,492
2018	13,457
2019	893
2020	500
2020-2048	14,000
	<u>\$ 58,623</u>

b. Capital Lease(s)

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

Note 9 – 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 10 – LONG TERM DEBT AND LIABILITIES

a. Revenue Bonds

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

The 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%	\$ 550,000

Revenue bond debt service requirements to maturity are as follows:

Year Ending 9/30/xxxx	Principal	Interest	Required Debt Service
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	45,000	25,935	70,935
2021-2025	280,000	80,133	360,133
2026-2029	65,000	4,323	69,323
Total	\$ 550,000	\$ 241,675	\$ 791,675

There is \$72,066 shown in restricted investments of the Authority. This investment represents debt service reserve requirements as contained in the various indentures.

b. Real Estate Mortgages

The Authority has long term loans which may be secured by capital assets. These loans were used to acquire capital assets that provide low income housing.

Purpose	Original Amount	Issue Date	Fiscal Year Maturity	Interest Rate	Amount Outstanding
Purchase – Hemlock	\$85,500	4/6/2001	2031	8.25%	\$67,306
Acquire single family residence - 18 th	27,461	8/14/2008	2023	4.50%	17,302
Acquire land and construct 17 units of elderly housing* - Eagle Pointe Village	850,500	8/11/1998	2048	1.00%	973,825
Acquire land and construct 17 units of elderly housing - Eagle Pointe Village	188,691	3/4/1998	2028	3.25%	122,575
Purchase 61 units of senior housing – Hawthorne	1,438,736	10/12/1995	2035	1.00%	1,177,771
Purchase 39 units of elderly/disabled hsg - Tulip Valley	1,238,636	8/1/1995	2031	1.00%	790,334
Leasehold improvements - Sylvester Arms	1,565,717	1/9/1994	2029	1.00%	1,313,052
	772,166	6/19/2012	2022	6.50%	727,372
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%	90,815
	242,569	1/19/2006	2036	1.00%	220,855
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%	328,443
	571,735	1/19/2006	2036	1.00%	520,577
Acquire single family residence - 33 rd	40,100	3/18/2011	2016	6.75%	32,680
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%	-
Refinance - Woodside West Apts	622,681	10/7/2011	2021	6.50%	574,177
Development Loan - Lilac Place	410,000	9/17/2013	2018	4.75%	392,023
Acquire 8 units of family housing – Beechwood	490,000	1/30/2013	2023	4.75%	469,710
Refinance of Stratford	490,873	10/30/2012	2014	4.75%	482,837
Rehabilitation of Stratford	800,000	3/31/2013	2053	0.00%	800,000
Total	<u>\$ 13,728,074</u>				<u>\$ 11,924,704</u>

* The table reflects \$141,183 of accrued interest at the end of September 30, 2015.

Mortgage debt service requirements to maturity are as follows:

Year Ending 9/30/xxxx	Principal*	Interest	Required Debt Service
2016	\$ 250,308	\$ 395,928	\$ 646,235.94
2017	229,193	382,483	611,677
2018	602,549	370,142	972,691
2019	243,421	340,039	583,460
2020	257,021	326,464	583,485
2021-2025	3,026,027	1,062,658	4,088,685
2026-2030	1,025,581	606,874	1,632,455
2031-2035	1,097,037	353,699	1,450,736
2036-2040	690,769	173,670	864,438
2040-2045	738,521	73,529	812,049
2046-2050	1,224,188	4,101	1,228,289
2051-2060	800,000	-	800,000
2061-2070	1,775,000	-	1,775,000
	<u>\$ 11,959,614</u>	<u>\$ 4,089,588</u>	<u>\$ 16,049,202</u>

* 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 9/30/2015
Community Frameworks*	\$15,000	Mar/2009	Feb/2019	-	\$ 15,000
Auto Loan	12,830	Sep/2012	Sep/2016	6.00%	3,499
Auto Loan	8,109	Jan/2014	Jan/2017	6.00%	3,719
Total	<u>\$ 35,939</u>				<u>\$ 22,218</u>

* 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.

Loan debt service requirements to maturity are as follows:

Year Ending 9/30/xxxx	Principal	Interest	Required Debt Service
2016	\$ 6,280	\$ 219	\$ 6,499
2017	938	8	946
2018	-	-	-
2019	15,000	-	15,000
Total	\$ 22,218	\$ 227	\$ 22,445

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.

d. 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. Long term inter-program loan activities for the year ended September 30th, 2015 were as follows:

From/To	Beginning Balance 10/1/2014	Issued	Redeemed	Rate	Ending Balance* 9/30/2015
Agency/Stratford	-	64,315	-	3.39%	64,315

* Includes \$1,942 of accrued interest.

e. Changes in Long-Term Liabilities

During the year ended September 30, 2015, the following changes occurred in long-term liabilities:

Description	Beginning Balance 10/1/2014	Additions	Reductions	Ending Balance 9/30/2015	Due Within One Year
Revenue Bonds	\$ 585,000	\$ -	\$ 35,000	\$ 550,000	\$ 35,000
Mortgages	12,326,896	241,230	784,615	11,783,511	250,308
Notes	28,179	-	5,961	22,218	6,280
Accrued Interest	136,904	4,279	-	141,183	-
Compensated Absences	60,154	-	9,077	51,077	4,453
Total	\$ 13,137,133	\$ 245,509	\$ 834,653	\$ 12,547,989	\$ 296,041

f. 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, 2015 the Authority estimates that no arbitrage rebate exists and that no liability exists.

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, U.S. Bank and Clark County by the component unit. The notes to the Authority (\$404,467) and Clark County (\$425,000) are to be paid out of residual receipts as they become available. The construction loan (\$787,262) will be repaid from equity contributions and permanent financing.

Outstanding loans are as follows:

<u>Purpose</u>	<u>Original Amount</u>	<u>Issue Date</u>	<u>Year of Maturity</u>	<u>Interest Rate</u>	<u>Amount Outstanding</u>
Develop Lilac Place Apartments	\$ 379,467	Oct-2013	Jan-2058	3.28%	\$ 404,467
Grant/Loan	425,000	Oct-2013	Jan-2058	0.50%	425,000
Construction Loan	<u>6,032,777</u>	Nov-2013	Apr-2015	2.69%	<u>787,262</u>
	<u>\$ 6,837,244</u>				<u>\$ 1,616,729</u>

The loans payable debt service requirements to maturity:

<u>Year Ending 12/31/xxxx</u>	<u>Principal</u>	<u>Interest</u>	<u>Required Debt Service</u>
2015	\$ 791,912	\$ 6,337	\$ 798,249
2016	4,596	1,102	5,698
2017	4,619	1,079	5,698
2018	4,642	1,056	5,698
2019	4,666	1,032	5,698
2020-2024	23,680	4,810	28,490
2025-2029	24,278	4,212	28,490
2030-2034	24,891	3,599	28,490
2035-2039	25,519	2,971	28,490
2040-2044	26,164	2,326	28,490
2045-2049	26,825	1,665	28,490
2050-2054	27,502	988	28,490
2055-2059	627,435	588,438	1,215,873
	<u>\$ 1,616,729</u>	<u>\$ 619,615</u>	<u>\$ 2,236,344</u>

During the year ended December 31, 2014, the following changes occurred in the long term liabilities for the Component Unit:

Description	Beginning Balance 1/1/2014	Additions	Reductions	Ending Balance 12/31/2015	Due Within One Year
Loans/Mortgages	\$ 2,055,870	\$ 450,000	\$ 889,141	\$ 1,616,729	\$ 791,912

Note 11 – 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, 2015, the Housing Authority’s fiscal year end, the balance sheet date reported for the component unit was December 31, 2014, which is the fiscal year end of the component unit.

Note 12 - 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 state Legislature establishes, and amends, laws pertaining to the creation and administration of all public retirement systems. The Department of Retirement Systems (DRS), a department within the primary government of the State of Washington, issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for each plan. The DRS CAFR may be obtained by writing to:

Department of Retirement Systems
 Communications Unit
 P.O. Box 48380
 Olympia, WA 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, No. 27, No.67, No. 68 (an amendment of GASB No.27) , and No. 71 (an amendment of GASB No. 68).

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

Plan Description

PERS was established in 1947, and its retirement benefit provisions are contained in chapters 41.34 and 41.40 RCW. PERS is a cost-sharing, multiple-employer retirement system composed of three separate pension plans for membership purposes. PERS Plan 1 and PERS Plan 2 are defined benefit plans, and PERS Plan 3 is a defined benefit plan with a defined contribution component.

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

Benefits Provided

PERS Plan 1 provides retirement, disability and death benefits. Retirement benefits are calculated using 2 percent of the member's Average Final Compensation (AFC) times the member's years of service. AFC is the average of the member's 24 consecutive highest-paid service credit months. Members are eligible for retirement from active status at any age with at least 30 years of service, at age 55 with at least 25 years of service, or at age 60 with at least five years of service.

PERS Plan 1 retirement benefits are actuarially reduced to reflect the choice of a survivor benefit. Members retiring from inactive status before the age of 65 may also receive actuarially reduced benefits. Other benefits include duty and non-duty disability payments, an optional Cost-of-Living Adjustment (COLA), and a one-time, duty-related death benefit, if found eligible by the Washington State Department of Labor & Industries. PERS 1 members were vested after the completion of five years of eligible service. The plan was closed to new entrants on September 30, 1977.

PERS Plan 2/3 provides retirement, disability and death benefits. Retirement benefits for Plan 2 are calculated using 2 percent of the member's Average Final Compensation (AFC) times the member's years of service. Retirement defined benefits for Plan 3 are calculated using 1 percent of AFC times the member's years of service. AFC is the monthly average of the member's 60 consecutive highest-paid service credit months. PERS Plan 2/3 has no cap on years of service credit.

Members are eligible for retirement with a full benefit at 65 with at least five years of service

credit. Retirement before age 65 is considered an early retirement. PERS Plan 2/3 members, who have at least 20 years of service credit and are 55 years of age or older, are eligible for early retirement with a reduced benefit. The benefit is reduced by a factor that varies according to age for each year before age 65.

PERS Plan 2/3 retirement benefits are actuarially reduced to reflect the choice of a survivor benefit. Other PERS Plan 2/3 benefits include duty and nonduty disability payments; a Cost-of-Living Adjustment (COLA) based on the Consumer Price Index, capped at 3 percent annually; and a one-time, duty-related death benefit, if found eligible by the Washington State Department of Labor & Industries. PERS 2 members are vested after completing five years of eligible service.

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

Contributions

The PERS Plan 1 member contribution rate is established by statute at 6 percent. The employer contribution rate is developed by the Office of the State Actuary (OSA) and includes an administrative expense component that is currently set at 0.18 percent.

The PERS Plan 2/3 employer and employee contribution rates are developed by the Office of the State Actuary (OSA) to fully fund Plan 2 and the defined benefit portion of Plan 3. The Plan 2/3 employer rates include a component to address the PERS Plan 1 unfunded actuarial accrued liability and an administrative expense that is currently set at 0.18 percent.

The required contribution rates (expressed as a percentage of covered payroll) for 2015 were as follows:

PERS Plan 1		
Actual Contribution Rates:	Employer*	Employee
January through June 2015	9.21%	6.00%
July through December 2015	11.18%	6.00%
PERS Plan 2/3		
Actual Contribution Rates:	Employer 2/3	Employee 2
January through June 2015	9.21%**	4.92%
July through December 2015	11.18%	6.12%
Employee PERS Plan 3		***

* Employer rates include an administrative expense rate of 0.18 percent

**Plan 3 defined benefit portion only

***Variable from 5 percent to 15 percent based on rate selected by member

Both the Authority and the employees made the required contributions. The Authority's required contributions for the year ended September 30, 2015 were as follows:

Fiscal Year	PERS Plan 1	PERS Plan 2	PERS Plan 3
2015	\$ 2,547	\$ 109,865	\$ 36,165
2014	\$ 1,609	\$ 114,999	\$ 31,502
2013	\$ 1,610	\$ 83,932	\$ 20,027

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

At September 30, 2015, the Housing Authority reported a liability of \$1,360,276 for its proportionate share of the net pension liability as follows:

Liability	
PERS 1	\$ 733,847
PERS 2/3	626,429
	\$ 1,360,276

The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of that date. The Authority's proportion of the net pension liability was based on a projection of the Authority's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2015, the Authority's proportion was 0.0014029 percent for PERS 1 and .017532 percent for PERS 2/3, which was an increase of .000402 percent and .000433 percent for PERS 1 and 2/3 from its proportions measured as of June 30, 2014.

For the year ended September 30, 2015, the Housing Authority recognized pension expense of \$9,794 (\$1,215 for PERS 1 and \$8,579 for PERS 2/3).

At September 30, 2015, the Housing Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	PERS # 1, 2 & 3					
	Deferred Outflows of Resources			Deferred Inflows of Resources		
	PERS 1	PERS 2/3	Total	PERS 1	PERS 2/3	Total
Differences between expected and actual experience	\$ -	\$ 66,590	\$ 66,590	\$ -	\$ -	\$ -
Changes of assumptions	-	1,009	1,009	-	-	-
Net difference between projected and actual earnings on pension plan investments	-	-	-	40,149	167,227	207,376
Changes in proportion and differences between Housing Authority contributions and proportionate share of contributions	-	-	-	-	406	406
District contributions subsequent to the measurement date	1,168	65,797	66,965	-	-	-
Total	\$ 1,168	\$ 133,396	\$ 134,564	\$ 40,149	\$ 167,633	\$ 207,782

\$134,564 reported as deferred outflows of resources related to pensions resulting from Housing Authority contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Differences Between Projected and Actual Earnings on Plan Investments			
Year ended September 30:	PERS 1	PERS 2/3	Deferred Inflows of Resources
2016	\$ (15,561)	\$ (65,285)	\$ (80,845)
2017	(15,561)	(65,285)	(80,845)
2018	(15,561)	(65,285)	(80,846)
2019	6,532	28,628	35,160
Total	\$ (40,149)	\$ (167,227)	\$ (207,376)

Employer Specific Deferred Outflows and Deferred Inflows - amortization schedules	
Year ended September 30:	Deferred Outflows of Resources for PERS # 1
2016	\$ 17,719

Changes in Proportionate Share - PERS 2/3							
Year	Amount to Amortize	Recognition Period (Years)	2015	2016	2017	2018	2019
2015	\$(406)	4.4	\$92	\$92	\$92	\$92	\$37

Actuarial assumptions

The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent total economic inflation
Salary Increases	3.75 percent salary inflation. In addition to the base 3.75 percent salary inflation assumption, salaries are also expected to grow by promotions and longevity.
Investment rate of return	7.75 percent

Mortality rates were based on the *RP-2000* report's Combined Healthy Table and Combined Disabled Table, which the Society of Actuaries publishes. The OSA applied offsets to the base table and recognized future improvements in mortality by projecting the mortality rates using 100 percent Scale BB. Mortality rates are applied on a generational basis, meaning members are assumed to receive additional mortality improvements in each future year throughout their lifetimes.

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience of Office of the State Actuary (OSA) 2007-2012 Experience Study Report. Additional assumptions for subsequent events and law changes are current as of the 2014 actuarial valuation report.

Long-Term Expected Rate of Return

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

Estimated rates of return by asset class

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed income	20.00%	1.70%
Tangible assets	5.00%	4.40%
Real estate	15.00%	5.80%
Global equity	37.00%	6.60%
Private equity	23.00%	9.60%
	100.00%	

Discount rate

The discount rate used to measure the total pension liability was 7.5 percent for all the plans. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return of 7.50 percent was used to determine the total liability.

Sensitivity of the Housing Authority's proportionate share of the net pension liability to changes in the discount rate

The table below presents the collective net pension liability of for each plan, calculated using the current discount rate of 7.5% as well as 1 percentage point lower (6.5%) and 1 percentage point higher (8.5%). To calculate the amounts for your individual employer note disclosures, enter your allocation percentages for each plan in the appropriate box in the far left column.

Housing Authority's Proportionate share of net the net pension liability	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.5%)
PERS 1	\$893,461	\$733,847	\$596,594
PERS 2/3	\$1,831,709	\$626,428	\$(296,410)

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued DRS Comprehensive Annual Financial Report.

Note 13 – 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.

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 14 – ACCOUNTING AND REPORTING CHANGES

In accordance with GASB Statement No. 68, *Accounting and Reporting for Pensions*, the Authority has recorded its proportionate share of the net pension liability along with the deferred inflows and outflows related to the pension plan administered by the Washington State Department of Retirement Services. This Statement is a change in accounting method and establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources and expenses as detailed in Note 12 – Pension Plans. The implementation of GASB Statement No. 68 resulted in a Prior Period Adjustment on the Statement of Revenues, Expenses and Changes in Fund net Position. For details of this Prior Period Adjustment please see Note 15.

Note 15 – PRIOR PERIOD ADJUSTMENTS-CHANGE IN ACCOUNTING PRINCIPLE

As a result of implementing GASB Statement No. 68 which requires recognition of the Housing Authority's share of the underfunded pension liability, the Housing authority reported a Prior Period Adjustment reducing the beginning Net Position for the fiscal year ended September 30, 2015. The adjustment represents pension costs for prior periods of \$1,423,700. The remaining adjustments were as follows: \$28,696 was recaptured 2014 revenues by the Veteran's Administration; \$14,541 was for 2014 Payment in Lieu of Taxes that did not get recorded and \$1,950 for miscellaneous correction of errors.

Note 16 – SUBSEQUENT EVENTS

The Authority is submitting in January 2016 for the final equity draw for the Lilac Place, LLLP tax credit partnership. This draw will be for \$310,457. \$132,457 will be set aside as an operating reserve with Lilac Place, LLLP and \$175,000 will be a developer's fee payment.

HOUSING AUTHORITY OF THE CITY OF LONGVIEW
Schedules of Required Supplementary Information
SCHEDULE OF THE HOUSING AUTHORITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PERS Pension Plans*

PERS # 1	2015	2014	2013
Housing Authority's proportion of the net pension liability (asset)	0.0140%	0.0136%	0.0128%
Housing Authority's proportionate share of the net pension liability (asset)	733,847	686,467	749,164
Housing Authority's covered-employee payroll	26,196	17,469	21,125
Housing Authority's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	2801.37%	3929.63%	3546.34%
Plan fiduciary net position as a percentage of the total pension liability	59.10%	61.19%	
PERS # 2/3	2015	2014	2013
Housing Authority's proportion of the net pension liability (asset)	0.0175%	0.0171%	0.0162%
Housing Authority's proportionate share of the net pension liability (asset)	626,428	345,633	692,981
Housing Authority's covered-employee payroll	1,532,887	1,615,459	1,366,829
Housing Authority's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	40.87%	21.40%	50.70%
Plan fiduciary net position as a percentage of the total pension liability	89.20%	93.29%	

* The amounts presented for each fiscal year were determined as of the June year-end that occurred within the fiscal year.

HOUSING AUTHORITY OF THE CITY OF LONGVIEW
SCHEDULE OF THE HOUSING AUTHORITY CONTRIBUTIONS
Pension Plans*
Last 10 Fiscal Years*

PERS # 1	2015	2014	2013
Contractually required contribution	64,476	60,314	33,251
Contributions in relation to the contractually required contribution	<u>(64,476)</u>	<u>(60,314)</u>	<u>(33,251)</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>
Housing Authority's covered-employee payroll	26,196	17,469	21,125
Contributions as a percentage of covered-employee payroll	246.13%	345.26%	157.40%
PERS # 2/3	2015	2014	2013
Contractually required contribution	78,099	72,233	62,977
Contributions in relation to the contractually required contribution	<u>(78,099)</u>	<u>(72,233)</u>	<u>(62,977)</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>
Housing Authority's covered-employee payroll	1,532,887	1,615,459	1,366,829
Contributions as a percentage of covered-employee payroll	5.09%	4.47%	4.61%

HOUSING AUTHORITY OF THE CITY OF LONGVIEW
Notes to Required Supplementary Information
For the Fiscal Year Ended September 30, 2015

NOTE 1 – BASIS OF ACCOUNTING AND PRESENTATION

The Authority maintains its accounting records in accordance with U.S. Generally Accepted Accounting Principles (GAAP) on the accrual basis. Revenues are recognized in the period earned, with the corresponding receivable recorded at that time. Expenses are recognized in the period incurred.

NOTE 2 – CHANGES OF BENEFIT TERMS

There were no changes in the benefit terms for the Pension Plans.

NOTE 3 – CHANGES OF ASSUMPTIONS

Amounts reported in 2015 reflect an adjustment of the expectation of life after disability to more closely reflect actual experience. For amounts reported in 2007 and later, the expectation of retired life mortality was based on the Office of the State Actuary (OSA) 2007-2012 Experience Study Report.

Housing Authority of the City of Longview
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2015

CFDA#	Federal Agency	Program Name	Pass Through Agency	Other Identification Number	Direct Federal Expenditures	In-Direct Federal Expenditures	Total Federal Expenditures	Foot Note Reference
Department of Agriculture:								
10.415		Rural Rental Housing Loans		56-008-977666317-016	\$ 63,399	\$ -	\$ 63,399	
10.415		Rural Rental Housing Loans		56-008-977666317-028	69,923	-	69,923	
10.415		Rural Rental Housing Loans		56-008-977666317-030	10,446	-	10,446	
10.415		Rural Rental Housing Loans		56-008-977666317-041	28,457	-	28,457	
10.415		Rural Rental Housing Loans		56-008-977666317-016	790,334	-	790,334	3b
10.415		Rural Rental Housing Loans		56-008-977666317-028	1,177,771	-	1,177,771	3a
10.415		Rural Rental Housing Loans		56-008-977666317-030	311,670	-	311,670	3c
10.415		Rural Rental Housing Loans		56-008-977666317-041	849,013	-	849,013	3d
					3,301,013	-	3,301,013	
Department of Agriculture:								
10.427		Rural Rental Assistance Payments		56-008-977666317-016	141,421	-	141,421	
10.427		Rural Rental Assistance Payments		56-008-977666317-028	222,661	-	222,661	
10.427		Rural Rental Assistance Payments		56-008-977666317-030	41,515	-	41,515	
10.427		Rural Rental Assistance Payments		56-008-977666317-041	105,703	-	105,703	
					511,300	-	511,300	
Total Department of Agriculture					3,812,313	-	3,812,313	
Department of Housing & Urban Development:								
14.228		Community Development Block Grant	City of Longview	Aging in Place, Activity #144	-	2,195	2,195	
14.247		Self-Help Homeownership Opportunity Program	Community Frameworks		15,000	-	15,000	3g
14.239		Home Investment Partnerships Program	Washington Dept of Commerce	13-47101-116	-	134,198	134,198	
14.239		Home Investment Partnerships Program	Washington Dept of Commerce	13-47101-117	-	121,517	121,517	
14.239		Home Investment Partnerships Program	Washington Dept of Commerce	Phoenix House	-	1,775,000	1,775,000	3f
14.239		Home Investment Partnerships Program	Washington Dept of Commerce	Sylvester	-	1,375,202	1,375,202	3e
14.239		Home Investment Partnerships Program	Longview/Kelso Consortium	TBRA, Activity #157	-	10,792	10,792	
Total Home					-	3,416,709	3,416,709	
14.856		Lower Income Housing Assistance Program		WA007MR0001	61,898	-	61,898	
14.871		Housing Choice Vouchers		WA007VO	7,691,316	-	7,691,316	
14.896		Family Self-Sufficiency Program Coordinators			65,557	-	65,557	
Total Department of Housing & Urban Development					7,833,771	3,418,904	11,252,675	
Department of Veterans Affairs								
64.024		Veterans Per-Diem		08-90-WA	306,167	-	306,167	
64.024		Veterans Transition In Place		12-16-WA	158,907	-	158,907	
64.024		Supportive Services for Veteran Families		14-300-100	-	424,795	424,795	
Total Department of Veterans Affairs					465,074	424,795	889,869	
Total Federal Assistance					\$12,111,158	\$ 3,843,699	\$ 15,954,857	

The accompanying notes to the Schedule of Expenditures of Federal Awards are an integral part of this Schedule.

HOUSING AUTHORITY OF THE CITY OF LONGVIEW
Notes to the Schedule of Expenditures of Federal Awards
For the year ended September 30, 2015

Note 1 – BASIS OF ACCOUNTING

This schedule is prepared on the same basis of accounting as the Authority's financial statements. The Authority uses U.S. Generally Accepted Accounting Principles and 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 \$8,139,301.

Note 3 – FEDERAL LOANS

- a. The Authority was approved by the USDA Rural Housing Service to receive a loan totaling \$1,438,736 to acquire and renovate 61 units of economically designed and constructed rental housing suited for rural resident.
- b. The Authority was approved by the USDA Rural Housing Service to receive loans totaling \$1,238,636 to acquire and renovate 39 units of economically designed and constructed rental housing suited for rural resident.
- c. The Authority was approved by the USDA Rural Housing Service to receive loans totaling \$ 342,312 to acquire and renovate 16 units of economically designed and constructed rental housing suited for rural resident.
- d. The Authority was approved by the USDA Rural Housing Service to receive loans totaling \$ 932,483 to acquire and renovate 35 units of economically designed and constructed rental housing suited for rural resident.
- e. The Authority was approved by the Washington State Department of Commerce to receive loans totaling \$1,565,717 to acquire and renovate 35 units of affordable housing.
- f. The Authority was approved by the Washington State Department of Commerce to receive loans totaling \$1,775,000 to build 20 units of affordable housing.
- g. The Authority was approved by Community Frameworks to receive loans totaling \$15,000 for land acquisition to create affordable housing.

The amount listed for each loan includes the proceeds received during the year and outstanding loan balance from prior years. Both the current and prior year loans are also reported on the Agency's Schedule of Long-Term Debt.

Housing Authority City of Longview (WA007)

Longview, WA

Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 09/30/2015

	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	6.1 Component Unit - Discretely Presented	64.024 VA Homeless Providers Grant and Per Diem Program	14.239 HOME Investment Partnerships Program	1 Business Activities	14.896 PIH Family Self-Sufficiency Program	14.856 Lower Income Housing Assistance Program_Section 8 Moderate	Subtotal	ELIM	Total
111 Cash - Unrestricted			\$155,053	\$97,592	\$45,984	\$109,383	\$25,884	\$155,122		\$33,754	\$622,772		\$622,772
112 Cash - Restricted - Modernization and Development								\$1,113		\$0	\$1,113		\$1,113
113 Cash - Other Restricted			\$463,337	\$28,389	\$500			\$13,601		\$0	\$505,827		\$505,827
114 Cash - Tenant Security Deposits			\$37,833		\$10,625			\$31,219		\$0	\$79,677		\$79,677
115 Cash - Restricted for Payment of Current Liabilities				\$47,666						\$0	\$47,666		\$47,666
100 Total Cash	\$0	\$0	\$656,223	\$173,647	\$57,109	\$109,383	\$25,884	\$201,055	\$0	\$33,754	\$1,257,055	\$0	\$1,257,055
121 Accounts Receivable - PHA Projects										\$0			
122 Accounts Receivable - HUD Other Projects									\$7,006	\$821	\$7,827		\$7,827
124 Accounts Receivable - Other Government				\$36		\$91,852	\$19,051	\$78,542		\$0	\$189,481		\$189,481
125 Accounts Receivable - Miscellaneous				\$15,738				\$31,571		\$0	\$47,309		\$47,309
126 Accounts Receivable - Tenants			\$339		\$2,432			\$995		\$0	\$3,766		\$3,766
126.1 Allowance for Doubtful Accounts - Tenants			-\$3		\$0			-\$10		\$0	-\$13		-\$13
126.2 Allowance for Doubtful Accounts - Other				\$0		\$0	\$0	\$0	\$0	\$0	\$0		\$0
127 Notes, Loans, & Mortgages Receivable - Current								\$1,903		\$0	\$1,903		\$1,903
128 Fraud Recovery										\$0			
128.1 Allowance for Doubtful Accounts - Fraud										\$0			
129 Accrued Interest Receivable								\$223		\$0	\$223		\$223
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$0	\$0	\$336	\$15,774	\$2,432	\$91,852	\$19,051	\$113,224	\$7,006	\$821	\$250,496	\$0	\$250,496
131 Investments - Unrestricted										\$0			
132 Investments - Restricted			\$72,066							\$0	\$72,066		\$72,066
135 Investments - Restricted for Payment of Current Liability										\$0			
142 Prepaid Expenses and Other Assets			\$17,855	\$214	\$9,824	\$11,680	\$8	\$9,522		\$2	\$49,105		\$49,105
143 Inventories			\$847					\$1,184		\$0	\$2,031		\$2,031
143.1 Allowance for Obsolete Inventories			\$0					\$0		\$0	\$0		\$0
144 Inter Program Due From			\$383,116					\$290,230		\$0	\$673,346	-\$673,346	\$0
145 Assets Held for Sale										\$0			
150 Total Current Assets	\$0	\$0	\$1,130,443	\$189,635	\$69,365	\$212,915	\$44,943	\$615,215	\$7,006	\$34,577	\$2,304,099	-\$673,346	\$1,630,753
161 Land			\$572,737		\$300,259			\$826,278		\$0	\$1,699,274		\$1,699,274
162 Buildings			\$5,609,971		\$7,594,399			\$8,515,137		\$0	\$21,719,507		\$21,719,507
163 Furniture, Equipment & Machinery - Dwellings					\$227,935			\$14,301		\$0	\$242,236		\$242,236
164 Furniture, Equipment & Machinery - Administration			\$13,805	\$55,971				\$150,039		\$0	\$219,815		\$219,815
165 Leasehold Improvements				\$10,397				\$2,716,656		\$0	\$2,727,053		\$2,727,053
166 Accumulated Depreciation			-\$2,196,698	-\$40,665	-\$159,624			-\$2,828,430		\$0	-\$5,225,417		-\$5,225,417
167 Construction in Progress										\$0			
168 Infrastructure										\$0			
160 Total Capital Assets, Net of Accumulated Depreciation	\$0	\$0	\$3,999,815	\$25,703	\$7,962,969	\$0	\$0	\$9,393,981	\$0	\$0	\$21,382,468	\$0	\$21,382,468
171 Notes, Loans and Mortgages Receivable - Non-Current							\$210,000	\$642,204		\$0	\$852,204		\$852,204
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due										\$0			
173 Grants Receivable - Non Current										\$0			

174 Other Assets					\$77,210					\$0	\$77,210		\$77,210
176 Investments in Joint Ventures								\$266,510		\$0	\$266,510		\$266,510
180 Total Non-Current Assets	\$0	\$0	\$3,999,815	\$25,703	\$8,040,179	\$0	\$210,000	\$10,302,695	\$0	\$0	\$22,578,392	\$0	\$22,578,392
200 Deferred Outflow of Resources								\$134,564		\$0	\$134,564		\$134,564
290 Total Assets and Deferred Outflow of Resources	\$0	\$0	\$5,130,258	\$215,338	\$8,109,544	\$212,915	\$254,943	\$11,052,474	\$7,006	\$34,577	\$25,017,055	-\$673,346	\$24,343,709
311 Bank Overdraft										\$0			
312 Accounts Payable <= 90 Days			\$101,249	\$2,443	\$26,215			\$65,906		\$0	\$195,813		\$195,813
313 Accounts Payable >90 Days Past Due										\$0			
321 Accrued Wage/Payroll Taxes Payable		\$248	\$19,199	\$39,681		\$53,363	\$495	\$90,438	\$7,006	\$330	\$210,760		\$210,760
322 Accrued Compensated Absences - Current Portion		\$50	\$320	\$982		\$1,011	\$100	\$1,923		\$67	\$4,453		\$4,453
324 Accrued Contingency Liability										\$0			
325 Accrued Interest Payable			\$18,261		\$19,433			\$5,446		\$0	\$43,140		\$43,140
331 Accounts Payable - HUD PHA Programs										\$0			
332 Account Payable - PHA Projects										\$0			
333 Accounts Payable - Other Government										\$0			
341 Tenant Security Deposits			\$37,833		\$10,625			\$31,219		\$0	\$79,677		\$79,677
342 Unearned Revenue		\$0	\$10,492		\$6,464	\$23,664	\$10,000	\$13,142		\$18,645	\$82,407		\$82,407
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue			\$125,726		\$14,782			\$165,862		\$0	\$306,370		\$306,370
344 Current Portion of Long-term Debt - Operating Borrowings										\$0			
345 Other Current Liabilities				\$47,666				\$376		\$0	\$48,042		\$48,042
346 Accrued Liabilities - Other								\$10		\$0	\$10		\$10
347 Inter Program - Due To		\$2,229	\$6,297			\$28,371	\$2,093	\$634,356		\$0	\$673,346	-\$673,346	\$0
348 Loan Liability - Current										\$0			
310 Total Current Liabilities	\$0	\$2,527	\$319,377	\$90,772	\$77,519	\$106,409	\$12,688	\$1,008,678	\$7,006	\$19,042	\$1,644,018	-\$673,346	\$970,672
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue			\$4,601,112		\$1,601,947		\$15,000	\$7,589,212		\$0	\$13,807,271		\$13,807,271
352 Long-term Debt, Net of Current - Operating Borrowings										\$0			
353 Non-current Liabilities - Other					\$181,366					\$0	\$181,366		\$181,366
354 Accrued Compensated Absences - Non Current		\$5	\$3,520	\$10,807		\$10,550	\$10	\$21,725		\$7	\$46,624		\$46,624
355 Loan Liability - Non Current										\$0			
356 FASB 5 Liabilities										\$0			
357 Accrued Pension and OPEB Liabilities								\$1,360,276		\$0	\$1,360,276		\$1,360,276
350 Total Non-Current Liabilities	\$0	\$5	\$4,604,632	\$10,807	\$1,783,313	\$10,550	\$15,010	\$8,971,213	\$0	\$7	\$15,395,537	\$0	\$15,395,537
300 Total Liabilities	\$0	\$2,532	\$4,924,009	\$101,579	\$1,860,832	\$116,959	\$27,698	\$9,979,891	\$7,006	\$19,049	\$17,039,555	-\$673,346	\$16,366,209
400 Deferred Inflow of Resources								\$207,782		\$0	\$207,782		\$207,782
508.4 Net Investment in Capital Assets			-\$727,023	\$25,703	\$6,346,240	\$0	-\$15,000	\$1,638,907		\$0	\$7,268,827		\$7,268,827
511.4 Restricted Net Position			\$535,403	\$28,389	\$500	\$0		\$14,714		\$0	\$579,006		\$579,006
512.4 Unrestricted Net Position	\$0	-\$2,532	\$397,869	\$59,667	-\$98,028	\$95,956	\$242,245	-\$788,820	\$0	\$15,528	-\$78,115		-\$78,115
513 Total Equity - Net Assets / Position	\$0	-\$2,532	\$206,249	\$113,759	\$6,248,712	\$95,956	\$227,245	\$864,801	\$0	\$15,528	\$7,769,718	\$0	\$7,769,718
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$0	\$0	\$5,130,258	\$215,338	\$8,109,544	\$212,915	\$254,943	\$11,052,474	\$7,006	\$34,577	\$25,017,055	-\$673,346	\$24,343,709

Housing Authority City of Longview (WA007)

Longview, WA

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 09/30/2015

	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	6.1 Component Unit - Discretely Presented	64.024 VA Homeless Providers Grant and Per Diem Program	14.239 HOME Investment Partnerships Program	1 Business Activities	14.896 PIH Family Self-Sufficiency Program	14.856 Lower Income Housing Assistance Program_Section 8 Moderate	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue			\$432,466		\$129,535			\$842,355		\$0	\$1,404,356		\$1,404,356
70400 Tenant Revenue - Other			\$47,638		\$1,326			\$20,847		\$0	\$69,811		\$69,811
70500 Total Tenant Revenue	\$0	\$0	\$480,104	\$0	\$130,861	\$0	\$0	\$863,202	\$0	\$0	\$1,474,167	\$0	\$1,474,167
70600 HUD PHA Operating Grants				\$7,691,316					\$65,557	\$61,898	\$7,818,771		\$7,818,771
70610 Capital Grants										\$0			
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	\$2,195	\$511,300			\$889,869	\$266,507	\$223,466		\$0	\$2,065,562		\$2,065,562
71100 Investment Income - Unrestricted			\$13,671	\$494				\$26,595		\$0	\$40,760		\$40,760
71200 Mortgage Interest Income								\$1,344		\$0	\$1,344		\$1,344
71300 Proceeds from Disposition of Assets Held for Sale								\$130,000		\$0	\$130,000		\$130,000
71310 Cost of Sale of Assets								-\$131,793		\$0	-\$131,793		-\$131,793
71400 Fraud Recovery				\$3,456						\$0	\$3,456		\$3,456
71500 Other Revenue				\$268,812	\$562	\$92	\$10,223	\$648,230		\$0	\$927,919	-\$485,809	\$442,110
71600 Gain or Loss on Sale of Capital Assets								\$710,113		\$0	\$710,113		\$710,113
72000 Investment Income - Restricted			\$51					\$17		\$0	\$68		\$68
70000 Total Revenue	\$172,225	\$2,195	\$1,005,126	\$7,964,078	\$131,423	\$889,961	\$276,730	\$2,471,174	\$65,557	\$61,898	\$13,040,367	-\$485,809	\$12,554,558
91100 Administrative Salaries		\$1,946	\$16,045	\$288,867	\$17,490	\$97,028	\$3,148	\$397,028		\$2,433	\$823,985		\$823,985
91200 Auditing Fees		\$371	\$2,750	\$22,358	\$3,500	\$970	\$701	\$3,068		\$213	\$33,931		\$33,931
91300 Management Fee		\$370	\$98,114	\$156,709	\$8,203	\$39,971	\$8,658	\$53,668		\$1,224	\$366,917	-\$378,714	-\$11,797
91310 Book-keeping Fee			\$8,379	\$97,951						\$765	\$107,095	-\$107,095	\$0
91400 Advertising and Marketing			\$661	\$1,738		\$1,894		\$572		\$0	\$4,865		\$4,865
91500 Employee Benefit contributions - Administrative		\$859	\$6,094	\$131,903	\$8,974	\$30,240	\$1,443	\$131,640		\$1,114	\$312,267		\$312,267
91600 Office Expenses		\$190	\$12,149	\$29,659	\$8,535	\$26,764	\$813	\$110,544		\$216	\$188,870		\$188,870
91700 Legal Expense					\$1,773					\$0	\$1,773		\$1,773
91800 Travel		\$39	\$2,039	\$9,088	\$711	\$21,685	\$169	\$30		\$45	\$33,806		\$33,806
91810 Allocated Overhead										\$0			
91900 Other		\$396	\$12,101	\$51,063	\$12,304	\$74,106	\$889	\$30,135		\$430	\$181,424		\$181,424
91000 Total Operating - Administrative	\$0	\$4,171	\$158,332	\$789,336	\$61,490	\$292,658	\$15,821	\$726,685	\$0	\$6,440	\$2,054,933	-\$485,809	\$1,569,124
92000 Asset Management Fee										\$0			
92100 Tenant Services - Salaries				\$15,615		\$302,796		\$43,620	\$47,677	\$0	\$409,708		\$409,708
92200 Relocation Costs										\$0			
92300 Employee Benefit Contributions - Tenant Services				\$6,019		\$93,961		\$25,584	\$17,880	\$0	\$143,444		\$143,444
92400 Tenant Services - Other		\$1,950	\$4,958		\$16,406	\$187,444		\$82,311		\$0	\$293,069		\$293,069
92500 Total Tenant Services	\$0	\$1,950	\$4,958	\$21,634	\$16,406	\$584,201	\$0	\$151,515	\$65,557	\$0	\$846,221	\$0	\$846,221

93100	Water			\$41,379		\$8,048			\$25,925	\$0	\$75,352		\$75,352	
93200	Electricity			\$27,509		\$8,059			\$48,372	\$0	\$83,940		\$83,940	
93300	Gas								\$6,270	\$0	\$6,270		\$6,270	
93400	Fuel									\$0				
93500	Labor									\$0				
93600	Sewer			\$63,497		\$3,873			\$54,434	\$0	\$121,804		\$121,804	
93700	Employee Benefit Contributions - Utilities									\$0				
93800	Other Utilities Expense			\$45,354					\$22,649	\$0	\$68,003		\$68,003	
93000	Total Utilities	\$0	\$0	\$177,739	\$0	\$19,980	\$0	\$0	\$157,650	\$0	\$355,369	\$0	\$355,369	
94100	Ordinary Maintenance and Operations - Labor			\$115,730		\$4,098			\$154,952	\$0	\$274,780		\$274,780	
94200	Ordinary Maintenance and Operations - Materials and Other		\$1	\$38,837	\$172	\$2,578		\$5	\$45,127	\$1	\$86,721		\$86,721	
94300	Ordinary Maintenance and Operations Contracts		\$2	\$224,261	\$231	\$5,801	\$842	\$7	\$117,122	\$2	\$348,268		\$348,268	
94500	Employee Benefit Contributions - Ordinary Maintenance			\$45,087		\$2,103			\$69,393	\$0	\$116,583		\$116,583	
94000	Total Maintenance	\$0	\$3	\$423,915	\$403	\$14,580	\$842	\$12	\$386,594	\$0	\$826,352	\$0	\$826,352	
95100	Protective Services - Labor									\$0				
95200	Protective Services - Other Contract Costs			\$1,346				\$167	\$7,609	\$0	\$9,122		\$9,122	
95300	Protective Services - Other									\$0				
95500	Employee Benefit Contributions - Protective Services									\$0				
95000	Total Protective Services	\$0	\$0	\$1,346	\$0	\$0	\$0	\$167	\$7,609	\$0	\$9,122	\$0	\$9,122	
96110	Property Insurance			\$18,949		\$1,915			\$25,141	\$0	\$46,005		\$46,005	
96120	Liability Insurance		\$34		\$4,645		\$4,376		\$692	\$40	\$9,787		\$9,787	
96130	Workmen's Compensation									\$0				
96140	All Other Insurance									\$0				
96100	Total insurance Premiums	\$0	\$34	\$18,949	\$4,645	\$1,915	\$4,376	\$0	\$25,833	\$40	\$55,792	\$0	\$55,792	
96200	Other General Expenses			\$3	\$28,089	\$23,920			\$2,640	\$0	\$54,652		\$54,652	
96210	Compensated Absences		\$55	\$3,840	\$11,789		\$12,133	\$110	\$23,076	\$74	\$51,077		\$51,077	
96300	Payments in Lieu of Taxes								\$3,859	\$0	\$3,859		\$3,859	
96400	Bad debt - Tenant Rents			-\$191					\$3,493	\$0	\$3,302		\$3,302	
96500	Bad debt - Mortgages									\$0				
96600	Bad debt - Other				\$1,057					\$0	\$1,057		\$1,057	
96800	Severance Expense								\$9,794	\$0	\$9,794		\$9,794	
96000	Total Other General Expenses	\$0	\$55	\$3,652	\$40,935	\$23,920	\$12,133	\$110	\$42,862	\$0	\$123,741	\$0	\$123,741	
96710	Interest of Mortgage (or Bonds) Payable	\$172,225		\$81,334		\$58,522			\$217,137	\$0	\$529,218		\$529,218	
96720	Interest on Notes Payable (Short and Long Term)									\$0				
96730	Amortization of Bond Issue Costs					\$5,515				\$0	\$5,515		\$5,515	
96700	Total Interest Expense and Amortization Cost	\$172,225	\$0	\$81,334	\$0	\$64,037	\$0	\$0	\$217,137	\$0	\$534,733	\$0	\$534,733	
96900	Total Operating Expenses	\$172,225	\$6,213	\$870,225	\$856,953	\$202,328	\$894,210	\$16,110	\$1,715,885	\$65,557	\$6,557	\$4,806,263	-\$485,809	\$4,320,454
97000	Excess of Operating Revenue over Operating Expenses	\$0	-\$4,018	\$134,901	\$7,107,125	-\$70,905	-\$4,249	\$260,620	\$755,289	\$0	\$55,341	\$8,234,104	\$0	\$8,234,104
97100	Extraordinary Maintenance									\$0				
97200	Casualty Losses - Non-capitalized									\$0				
97300	Housing Assistance Payments			\$500	\$7,037,003			\$248,816		\$53,098	\$7,339,417		\$7,339,417	
97350	HAP Portability-In				\$241,853					\$0	\$241,853		\$241,853	
97400	Depreciation Expense			\$189,929	\$3,492	\$159,624			\$308,191	\$0	\$661,236		\$661,236	

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	\$6,213	\$1,060,654	\$8,139,301	\$361,952	\$894,210	\$264,926	\$2,024,076	\$65,557	\$59,655	\$13,048,769	-\$485,809	\$12,562,960
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		\$1,270					\$35,601				\$0	\$36,871	\$36,871
10094	Transfers between Project and Program - Out								-\$36,871			\$0	-\$36,871	-\$36,871
10100	Total Other financing Sources (Uses)	\$0	\$1,270	\$0	\$0	\$0	\$0	\$35,601	-\$36,871	\$0	\$0	\$0	\$0	\$0
10000	Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$0	-\$2,748	-\$55,528	-\$175,223	-\$230,529	-\$4,249	\$47,405	\$410,227	\$0	\$2,243	-\$8,402	\$0	-\$8,402
11020	Required Annual Debt Principal Payments	\$0	\$0	\$119,205	\$0	\$59,674	\$0	\$0	\$125,500	\$0	\$0	\$304,379		\$304,379
11030	Beginning Equity	\$0	\$226	\$276,318	\$288,982	\$1,247,613	\$137,196	\$179,840	\$1,873,639	\$0	\$11,565	\$4,015,379		\$4,015,379
11040	Prior Period Adjustments, Equity Transfers and Correction of Errors		-\$10	-\$14,541		\$5,231,628	-\$36,991	\$0	-\$1,419,065		\$1,720	\$3,762,741		\$3,762,741
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				\$85,370							\$0	\$85,370	\$85,370
11180	Housing Assistance Payments Equity				\$28,389							\$0	\$28,389	\$28,389
11190	Unit Months Available			1812	16704	342	240	463	1452		144	21157		21157
11210	Number of Unit Months Leased			1790	16064	318	229	463	1410		102	20376		20376
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	CFPP Debt Service Payments											\$0		
13901	Replacement Housing Factor Funds											\$0		