HOUSING OPPORTUNITIES OF SW WASHINGTON
(HOUSING AUTHORITY OF THE CITY OF LONGVIEW)

FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2016

Loveridge Hunt & Co., PLLC
CERTIFIED PUBLIC ACCOUNTANTS

CONTENTS

Housing Opportunities of SW Washington

Schedule of Findings and Questioned Costs

Year Ended September 30, 2016

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 the Uniform Guidance	_____ Yes	__X__ No

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
14.239	HOME Investment Partnerships Program
14.871	Section 8 Housing Choice Vouchers

Housing Opportunities of SW Washington

Schedule of Findings and Questioned Costs - (Continued)

Year Ended September 30, 2016

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

Dollar threshold used to distinguish between Type A and Type B programs:		$ 750,000
Auditee qualified as low-risk auditee:	X Yes	____ No

SECTION II - FINANCIAL STATEMENT FINDINGS

No findings were noted.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No findings were noted.

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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 Opportunities of SW Washington
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 Opportunities of SW Washington (the Authority) as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated February 27, 2017.

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.

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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.

Loveridge Hunt & Co, PLLC

Bellevue, Washington
February 27, 2017

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 BY THE UNIFORM GUIDANCE

Board of Commissioners
Housing Opportunities of SW Washington
Longview, Washington

Report on Compliance for Each Major Federal Program

We have audited the Housing Opportunities of SW Washington's (the Authority) compliance with the types of compliance requirements described in the OMB 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, 2016. 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 the audit requirements of Title 2 *U.S. Code of Federal Regulations* Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the 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.

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE - (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, 2016.

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 an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the 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 THE UNIFORM GUIDANCE - (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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Bellevue, Washington
February 27, 2017

Loveridge Hunt & Co., PLLC
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

Board of Commissioners
Housing Opportunities of SW Washington
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 Opportunities of SW Washington (the Authority), as of and for the year ended September 30, 2016, 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.

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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, 2016, 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.

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 12 to 18 and pension schedules on pages 49 to 51 presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operation, economic or historical context. We have applied certain limited procedures to the required supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinion on the financial statements that collectively comprise the Authority's basic financial statements. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 *U.S. Code of Federal Awards Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) 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.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated February 27, 2017, 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, 2016. 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.

Loveridge Hunt & Co, Pllc

Bellevue, Washington
February 27, 2017

FINANCIAL SECTION

The Housing Authority of the City of Longview, doing business as the Housing Opportunities of South West Washington (HOSWWA), 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 HOSWWA acting as the general partner. This separate legal entity is not carried directly on the books of the HOSWWA but is listed as a component unit in the HOSWWA'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 increased by $496 thousand (41%) during the year. Unrestricted cash and cash equivalents decreased by $79 thousand (14%) and restricted cash and cash equivalents increased by $575 thousand (92%). The reduction of unrestricted cash is the result of continuing funding cuts in the various HUD programs. The increase in restricted cash is the result of refunding the Hawthorne House bond. $515 thousand was used to retire the outstanding bond on October 1, 2016.

- 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, 2016 by $1.3 million, which is a decrease of $262 thousand (17%) during the year.

- Operating revenues were $2.1 million and non-operating (grants and interest) revenues were $11 million.

- Operating expenses were $12 million and include $8.1 million in housing assistance payments made to landlords (65% of operating expenses).

Authority Wide Financial Statements

The focus of Authority-wide financial statements is on the overall financial position and activities of HOSWWA. 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.

Condensed Statement of Net Position	9/30/2016	9/30/2015
Current and Other Assets	$ 1,986,038	$ 1,488,239
Non-current and Capital Assets	14,103,808	14,610,279
Total Assets	16,089,846	16,098,518
Deferred Outflows of Resources	222,933	134,564
Current Liabilities	1,442,598	892,070
Long-term Liabilities	13,524,262	13,612,224
Total Liabilities	14,966,860	14,504,294
Deferred Inflows of Resources	48,724	207,782
Net Assets:		
Invested in Capital Assets, Net of Related Debt	343,985	922,587
Restricted Cash and Investments	1,042,606	578,326
Unrestricted	(89,396)	20,093
Total Net Position	$ 1,297,195	$ 1,521,006

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 $1.3 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 changes that affect this category is property development, depreciation and lowering our overall debt through the normal repayment and reduction of the principal balances. This year the account has a temporary reduction of $515,000 due to the bond that was refunded October 1, 2016 (see Note 10. a.).

- 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 in FY2015. This year the account has a temporary addition of $515,000 in Bond Reserve due to the refunding of a bond (see Note 10. a.).

- 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 in FY2015. 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 in FY2015.

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	2016	2015
Revenues		
Operating		
Tenant Revenue	$1,350,930	$1,346,762
Other	741,929	440,016
Non-Operating		
Government Operating Subsidies and Grants	10,534,048	9,884,333
Gain on Sale of Fixed Assets	-	710,113
Investment Income	22,383	40,828
Total Revenue	12,649,290	12,422,052
Expenses		
Operating		
Administrative	1,590,431	1,516,345
Tenant Services	834,576	829,815
Utilities	347,581	335,389
Ordinary Maintenance and Operations	784,664	820,894
Housing Assistance Payments	8,126,009	7,581,270
Depreciation and Amortization	531,584	501,612
Other General Expenses	165,746	143,904
Non-Operating		
Interest and Others	457,324	470,696

Total Expenses	12,837,915	12,199,925
Excess (Deficiency) of Revenues over Expenses	(188,625)	222,127
Prior Period Adjustment	(35,186)	-
Change in Accounting Policy	-	(1,468,887)
Net Position, Beginning of year	1,521,006	2,767,766
Net Position, End of Year	$1,297,195	$1,521,006

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 2016, 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 no changes in capital assets.

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 $403 thousand ($426 thousand in net depreciation) from the end of last year.

Change in Capital Assets	2016	2015	Net Change
Land	$ 1,399,015	$ 1,399,015	$ -
Construction in progress	3,318	-	3,318
Building, improvements & fixtures	14,125,108	14,125,108	-
Leasehold improvements	2,727,053	2,727,053	-
Machinery, vehicles & equipment	253,350	234,116	19,234
Less accumulated depreciation	(5,491,633)	(5,065,793)	(425,840)
Total capital assets (net)	$ 13,016,211	$ 13,419,499	$ (403,288)

Long-Term Debt

As of September 30th, 2016 the Authority had $14.3 million of loans, notes, mortgages, revenue bonds, pension liability and compensated absences outstanding. This is an increase of $410 thousand from the prior year balance of $13.9 million. Debt was increased with a $431 thousand mortgage which is intended to repay an outstanding bond (see note 10.a.). There was also an increase of $232 thousand in pension liability (see note 12). Debt was decreased with the payments of $256 thousand in principal payments. This information is presented in detail in note 10 in the notes to the financial statements.

Change in Long Term Debt & Compensated Absences	2016	2015	Net Change
Beginning Balance	$ 13,908,265	$ 13,137,133	$ 771,132
Additions	768,730	1,605,785	(837,055)
Payoffs, Redemptions and Adjustments	358,104	834,653	(476,549)
Ending Balance	$ 14,318,891	$ 13,908,265	$ 410,626

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 2015 and 2016 and are expected for 2017:

- The administrative cost portion of the Housing Choice Voucher program funding was funded at 81% of eligibility during 2015 and 80% of eligibility during 2016. Funding for 2017 is not expected to improve.

- The Section 8 Housing Choice Voucher program Housing Assistance Payments was funded at 99% of subsidy eligibility during 2015 and 100% of subsidy eligibility in 2016. Funding for 2017 is not expected to change.

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

Local inflationary, recessionary, and in particular employment trends, can affect resident incomes and therefore the amount of rental incomes received by the Authority, as well as the amount of Housing Assistance Payments paid out by the Authority. Unemployment in the Longview, Washington metropolitan statistical area is unchanged from 7.0% in September 2015 and 7.1% in September 2016 according to the U.S. Bureau of Labor Statistics (www.bls.gov).

Other Potentially Significant Matters

The HOSWWA refunded its outstanding bond and was funded in September 2016. The bond will be paid in October 2016.

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 Manager 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 OPPORTUNITIES OF SW WASHINGTON

Statement of Net Position

September 30, 2016

	Authority	Component Unit
ASSETS		
Current Assets		
Cash and Cash Equivalents	$ 498,146	$ 61,805
Receivables (Net)	247,511	4,138
Inventory	4,210	-
Prepayments	38,054	10,169
Restricted Assets:		
FSS - Escrow	83,812	-
Tenant Security Deposits	71,699	11,125
Replacement Reserves	430,183	11,901
Development	1,113	-
Housing Assistance Payments	67,014	-
Bond Reserve	532,131	-
Cash - Other	12,165	68,019
Total Current Assets	1,986,038	167,157
Noncurrent Assets		
Loans Receivable	821,087	-
Investment in Tax Credit Partnership	266,510	-
Capital Assets		
Land	1,399,015	308,313
Infrastructure	-	615,439
Buildings	16,852,161	7,100,407
Equipment	253,350	227,935
Construction in Progress	3,318	-
Less Accumulated Depreciation	(5,491,633)	(504,414)
Total Capital Assets (Net)	13,016,211	7,747,680
Other Assets	-	99,625
Total Non-Current Assets	14,103,808	7,847,305
TOTAL ASSETS	$ 16,089,846	$ 8,014,462
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflows Related to Pensions	$ 222,933	$ -

Continued on Page 20

HOUSING OPPORTUNITIES OF SW WASHINGTON
Statement of Net Position - (Continued)
September 30, 2016

	Authority	Component Unit
LIABILITIES		
Current Liabilities		
Accounts Payable	$ 175,797	$ 15,330
Accrued Liabilities	247,028	30,858
Current Portion of Long-Term Debt	794,056	16,968
Tenant Security Deposits	71,699	11,125
Unearned Revenue	69,793	8,792
Other Current Liabilities	84,225	310,229
Total Current Liabilities	1,442,598	393,302
Noncurrent Liabilities		
Compensated Absences	54,216	-
Long-Term Debt	11,878,170	1,698,234
Accrued Pension Liability	1,591,876	-
Total Noncurrent Liabilities	13,524,262	1,698,234
TOTAL LIABILITIES	14,966,860	2,091,536
DEFERRED INFLOWS OF RESOURCES		
Deferred Inflows Related to Pensions	$ 48,724	$ -
NET POSITION		
Net investment in capital assets	343,985	6,032,478
Restricted	1,042,606	79,920
Unrestricted	(89,396)	(189,472)
TOTAL NET POSITION	$ 1,297,195	$ 5,922,926

HOUSING OPPORTUNITIES OF SW WASHINGTON
Statement of Revenues, Expenses, and Changes in Fund Net Position
For the Year Ended September 30, 2016

	Authority	Component Unit
OPERATING REVENUES		
Net Tenant Rental Revenue	$ 1,264,369	$ 305,947
Tenant Revenue - Other	86,561	15,997
Other Revenue	741,929	1,531
Total Operating Revenue	2,092,859	323,475
OPERATING EXPENSES		
Administration	1,590,431	78,756
Tenant Services	834,576	30,061
Utilities	347,581	61,669
Ordinary Maintenance and Operations	784,664	19,582
Housing Assistance Payments	8,126,009	-
Depreciation and Amortization Expense	531,584	351,281
Other General Expenses	165,746	36,244
Total Operating Expenses	12,380,591	577,593
OPERATING INCOME (LOSS)	(10,287,732)	(254,118)
NONOPERATING REVENUES (EXPENSES)		
HUD Subsidies and Grant Revenue	8,527,564	-
Other Government Grants	2,006,484	-
Investment Income	22,383	-
Other Revenues (Expenses)	(526)	(5,000)
Interest Expense	(456,798)	(66,668)
Total NonOperating Revenues (Expenses)	10,099,107	(71,668)
CHANGE IN NET POSITION	(188,625)	(325,786)
BEGINNING TOTAL NET POSITION	1,521,006	6,248,712
Prior Period Adjustments	(35,186)	-
BEGINING TOTAL NET POSITION RESTATED	1,485,820	6,248,712
ENDING TOTAL NET POSITION	$ 1,297,195	$ 5,922,926

HOUSING OPPORTUNITIES OF SW WASHINGTON
Statement of Cash Flows
For the Year Ended September 30, 2016

	Authority	Component Unit
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Tenants	$ 1,339,154	$ 324,772
Payments to Employees	(2,215,656)	(98,338)
Payments to Suppliers	(1,432,813)	(102,615)
Housing Assistance Payments	(8,124,782)	(345)
Other Receipts (Payments)	658,304	(41,919)
Net cash provided (used) in operating activities	(9,775,793)	81,555
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Grant Receipts	10,573,339	-
Payments received from (loaned) to Component Unit	2,791	-
Net cash provided by noncapital financing activities	10,576,130	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
(Purchase) of Capital Assets	(128,296)	-
Proceeds from Capital Debt	175,314	900,434
(Payments) on Capital Debt	(435,959)	(857,204)
Other Receipts (Payments)	-	(28,906)
Net cash provided (used) by capital and related financing activities	(388,941)	14,324
CASH FLOWS FROM INVESTING ACTIVITIES		
(Purchase) Proceeds from Sale of Investments	72,066	(80,058)
Interest and Dividends	12,855	-
Net cash used in investing activities	84,921	(80,058)
Net Increase in Cash and Cash Equivalents	496,317	15,821
Cash at the Beginning of the Year	1,199,946	45,984
Cash at the End of the Year	$ 1,696,263	$ 61,805
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Operating (Loss)	$ (10,287,732)	$ (254,118)
Adjustments to Reconcile Operating Income (Loss) to Net Cash:		
Depreciation Expense & Amortization	531,584	351,281
Changes in Assets and Liabilities:		
Decrease (Increase) in Receivables	(1,410)	(1,706)
Decrease (Increase) in Investments	-	(24,677)
Decrease (Increase) in Prepaid Expenses	1,227	(345)
Decrease (Increase) in Inventories	(2,179)	-
Increase (Decrease) in Accounts Payable	(2,652)	(10,885)
Increase (Decrease) in Other Payables	5,086	2,828
Net Increase (Decrease) in Other Operating Net Assets	(19,717)	19,177
Total Adjustments	511,939	335,673
NET CASH PROVIDED (USED) IN OPERATING ACTIVITIES	$ (9,775,793)	$ 81,555

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

Note 1 – SUMMARY OF SIGNIFICANT POLICIES

The accounting policies of the Housing Authority of the City of Longview, now doing business as Housing Opportunities of SW Washington (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:

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 Housing Authority has one component unit, which met the criteria for discrete presentation in the Housing 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 (as amended by GASB 61) to be treated as a component unit. As such the partnership is considered a part of the reporting entity.

In accordance with GASB 14, the Housing Authority includes component unit financial statements with an ending date occurring during the Housing Authority's fiscal year. The "Component Unit" financial statements are presented as of December 31, 2015. 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. Measurement Focus, Basis of Accounting

The proprietary fund statements are reported using the economic resources measurement focus and full-accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when liability is incurred regardless of the timing of the cash flows.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the authority are tenant revenues. Operating expenses for the authority include (administrative expenses, the cost of tenant services, housing assistance payments, depreciation on capital assets, etc.). All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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 and 3% interest loan secured by a deed of trust and payable upon sale or transfer of title, satisfactory completion of residency requirements or change of use. Notes receivable also consist of loans from the component unit, see Note 4 – Notes Receivable.

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.

* 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:

Asset Categories	Years
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 pubic 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, 2016 the Authority had no investments.

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, 2015, the component units' carrying amount of deposits was $61,805. 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% and 3% 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 $39,761 in accrued interest. The component unit discloses $404,467 as a long term liability plus $25,390 in accrued interest. The differences are the result of differing year ends of September 2016 for the Authority and December 2015 for the component unit.

The Authority has a note receivable from Housing Authority of Mason County in the amount of $21,814. Payment is subject to HUD's approval.

Purpose	Original Amount	Issue Date	Maturity	Interest Rate	9/30/2016 Amount Outstanding
Lilac Place	$ 404,467	Oct/2013	Jan/2058	3.28%	$ 66,267
Lilac Place	338,200	Apr/2014	Oct/2058	3.28%	338,200
Homeownership	90,000	May/2015	Apr/2045	3.00%	87,321
	832,667				491,788
Forgivable Notes-Roulette	37,500	Dec/2008	Dec/2018	0.00%	8,437
Forgivable Notes-Partain	36,750	Jun/2009	Jun/2019	0.00%	10,106
Forgivable Notes-Roberts, C.	36,750	Sep/2009	Sep/2019	0.00%	11,025
Forgivable Notes-Chappelle	15,000	Mar/2010	Mar/2020	0.00%	5,250
Forgivable Notes-Dotson	38,000	Mar/2010	Jan/2020	0.00%	12,667
	164,000				47,485
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%	-
Note-MCHA Pine Gardens	21,814	Apr/2016	Apr/2044	1.00%	21,814
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
	291,814				281,814
	$ 1,288,481				$ 821,087

Notes receivable activity for the period ending 9/30/2016 were:

	Beginning Balance	Increases	Decreases	Ending Balance
Lilac Place	$ 430,998	$ 8,844	$ 35,375	$ 404,467
Homeownership	89,224		1,903	87,321
Forgivable Notes	63,885		16,400	47,485
Notes	270,000	21,814	10,000	281,814
	$ 854,107	$ 30,658	$ 63,678	$ 821,087

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, 2016 was as follows:

Housing Authority

	Beginning Balance 10/01/2015	Increase	Decrease	Ending Balance 9/30/2016
Capital assets not being depreciated:				
Land	$ 1,399,015	$ -	$ -	$ 1,399,015
Construction in progress	-	118,755	115,437	3,318
Total capital assets not being depreciated	1,399,015	118,755	115,437	1,402,333
Capital assets being depreciated:				
Building Improvements	14,125,108	-	-	14,125,108
Furniture, Equipment & Machinery - Dwellings	14,301	-	-	14,301
Furniture, Equipment & Machinery - Administration	219,816	19,233	-	239,049
Leasehold Improvements	2,727,052	1	-	2,727,053
Total capital assets being depreciated	17,086,277	19,234	-	17,105,511
Less total accumulated depreciation	(5,065,793)	107,643	533,483	(5,491,633)
Total capital assets being depreciated, net	12,020,484	126,877	533,483	11,613,878
Total capital assets, net	$ 13,419,499	$ 245,632	$ 648,920	$ 13,016,211

Component Unit

Capital asset activity for the Component Unit for the year ended December 31, 2015 was as follows:

	Beginning Balance 1/1/2015	Increase	Decrease	Ending Balance
Capital assets not being depreciated:				
Land	$ 308,313	$ -	$ -	$ 308,313
Total capital assets not being depreciated	308,313	-	-	308,313
Capital assets being depreciated:				
Land Improvements	615,439	-	-	615,439
Building Improvements	7,099,769	638	-	7,100,407
Funiture, Equipment & Machinery	227,935	-	-	227,935
Total capital assets being depreciated	7,943,143	638	-	7,943,781
Less total accumulated depreciation	(159,624)	(344,790)	-	(504,414)
Total capital assets being depreciated, net	7,783,519	(344,152)	-	7,439,367
Total capital assets, net	$ 8,091,832	$ (344,152)	$ -	$ 7,747,680

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 though 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 related to three Rural Development financed projects. 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, 2016 were as follows:

From/To	Beginning Balance 10/1/2015	Issued	Redeemed	Rate	Ending Balance 9/30/2016
Tulip Valley/Agency	$ 228,758		$ 88,645	3.39%	$ 140,113
Hawthonre/Agency	102,185		102,185	3.39%	-
Riverview/Agency	52,173		52,173	3.39%	-
	$ 383,116	$ -	$ 243,003		140,113

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, 2016 amounted to $15,281.

Future minimum rental commitments for these leases are as follows:

Fiscal Year Ended	Minimum Lease Commitment
2017	$ 14,492
2018	13,457
2019	893
2020	500
2021	500
2022-2048	13,500
	$ 43,342

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 AND SUBSEQUENT EVENT

a. Bonds

The Authority issues revenue bonds to finance the acquisition or construction of low-income housing units. At September 30, 2016 the Hawthorne House bond had an outstanding balance of $515,000 which was paid in full on October 1, 2016. The bond was refinanced with a mortgage loan listed below.

The revenue bonds currently outstanding are as follows:

Purpose	Original Amount	Issue Date	Fiscal Year Maturity	Interest Rate	Amount Outstanding
Acquire Hawthorne	$ 940,000	October 12, 1995	2026	7.50%	$ 515,000

b. Revenue bond debt service requirements to maturity are as follows:

The Authority issues revenue bonds to finance the acquisition or construction of low-income housing units. At September 30, 2016 the Hawthorne House bond had an outstanding balance of $515,000 which was paid in full on October 1, 2016. The bond was refinanced with a mortgage note listed below.

c. 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%	$ -
Refinance – Hemlock	70,000	6/28/16	2026	5.25%	69,133
Acquire single family residence - 18th	27,461	8/14/2008	2023	4.50%	15,544
Acquire land and construct 17 units of elderly housing* - Eagle Pointe Village	850,500	8/11/1998	2048	1.00%	958,267
Acquire land and construct 17 units of elderly housing - Eagle Pointe Village	188,691	3/4/1998	2028	3.25%	115,345
Purchase 61 units of senior housing – Hawthorne	1,438,736	10/12/1995	2035	1.00%	1,151,563
Purchase 39 units of elderly/disabled hsg - Tulip Valley	1,238,636	8/1/1995	2031	1.00%	741,461
Leasehold improvements - Sylvester Arms	1,565,717	1/9/1994	2029	1.00%	1,273,798
	772,166	6/19/2012	2022	6.50%	712,234
Purchase 16 units of family housing - Columbia View	493,016	10/25/2005	2045	0.00%	493,016
	99,743	1/19/2006	2036	1.00%	89,590
	242,569	1/19/2006	2036	1.00%	217,879
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%	324,025
	571,735	1/19/2006	2036	1.00%	513,540
Acquire single family residence - 33rd	40,100	3/18/2011	2016	6.75%	-
Refinance single family residence – 33rd	33,213	6/28/16	2026	5.25%	31,824
Construction of 20 units of assisted housing – Phoenix	1,775,000	6/30/2008	2059	0.00%	1,775,000
Refinance – Hawthorne House Apts	430,536	9/23/16	2031	5.25%	430,536
Refinance - Woodside West Apts	622,681	10/7/2011	2021	6.50%	557,426
Development Loan - Lilac Place	410,000	9/17/2013	2018	4.75%	382,477
Acquire 8 units of family housing – Beechwood	490,000	1/30/2013	2023	4.75%	460,433
Refinance of Stratford	490,873	11/3/2014	2022	5.50%	473,160
Rehabilitation of Stratford	800,000	3/31/2013	2053	0.00%	800,000
Total	$ 13,652,656				$ 12,141,286

* The table reflects $141,798 of accrued interest at the end of September 30, 2016.

Mortgage debt service requirements to maturity are as follows:

Year Ending 9/30/xxxx	Principal*	Interest	Required Debt Service
2017	$ 278,115	$ 405,594	$ 683,709
2018	623,092	391,697	1,014,789
2019	264,757	360,490	625,247
2020	279,467	345,804	625,271
2021	295,315	329,982	625,297
2022-2026	3,087,339	961,653	4,048,992
2027-2031	1,238,247	582,740	1,820,987
2032-2036	1,017,597	304,933	1,322,530
2037-2041	699,672	155,295	854,967
2042-2046	1,694,657	51,802	1,746,459
2047-2051	122,329	2,417	124,746
2052-2056	800,000	-	800,000
2057-2061	1,775,000	-	1,775,000
	$ 12,175,587	$ 3,892,407	$ 16,067,994

* Principal includes $176,099 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 9/30/2016
Community Frameworks*	$15,000	Mar/2009	Feb/2019	-	$ 15,000
Auto Loan	12,830	Sep/2012	Sep/2016	6.00%	-
Auto Loan	8,109	Jan/2014	Jan/2017	6.00%	940
Total	$ 35,939				$ 15,940

* The Authority has issued deeds of trust on the Community Frameworks loan. The loan is for ten years. The note is issued at 0% interest and is 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
2017	$ 940	$ 8	$ 948
2018	-	-	-
2019	15,000	-	15,000
Total	$ 15,940	$ 8	$ 15,948

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 10/1/2015	Issued	Redeemed	Rate	Ending Balance 9/30/2016
Agency/Stratford	64,315	-	1,671	3.39%	62,644

e. Changes in Long-Term Liabilities

During the year ended September 30, 2016, the following changes occurred in long-term liabilities:

Description	Beginning Balance 10/1/2015	Additions	Reductions	Ending Balance 9/30/2016	Due Within One Year
Revenue Bonds	$ 550,000	$ -	$ 35,000	$ 515,000	$ 515,000
Mortgages	11,783,511	430,536	214,559	11,999,488	278,116
Notes	22,218	-	6,278	15,940	940
Accrued Interest	141,183	615	-	141,798	-
Pension Liability	1,360,276	231,600	-	1,591,876	-
Compensated Absences	51,077	105,979	102,267	54,789	573
Total Long Term Liabilities	$ 13,908,265	$ 768,730	$ 358,104	$14,318,891	$ 794,629

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, 2016 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 ($420,412) are to be paid out of residual receipts as they become available. The WCRA loan ($890,323) is to be paid back out of operations.

Outstanding loans are as follows:

Purpose	Original Amount	Issue Date	Maturity	Interest Rate	Amount Outstanding
Mortgage	$ 900,334	Jan/2015	2030	6.00%	$ 890,323
Construction	787,262	Oct/2013	2015	2.69%	-
2nd Mortgage	225,000	Jan/2014	2058	0.50%	220,412
Deferred Loan	200,000	Jan/2014	2058	0.00%	200,000
Note Payable	404,467	Jan/2014	2058	3.28%	404,467
	$ 2,517,063				$ 1,715,202

The loans payable debt service requirements to maturity:

Year Ending 12/31/xxxx	Principal	Interest	Required Debt Service
2016	$ 16,277	$ 54,204	$ 70,481
2017	17,020	53,483	70,503
2018	17,808	52,695	70,503
2019	18,644	51,860	70,504
2020	19,529	50,975	70,504
2021-2025	112,913	239,609	352,522
2026-2030	759,536	176,550	936,086
2031-2035	25,014	3,601	28,615
2036-2040	25,645	2,972	28,617
2041-2045	26,293	2,328	28,621
2046-2050	26,957	1,667	28,624
2051-2055	27,638	990	28,628
2056-2060	621,928	588,440	1,210,368
	$ 1,715,202	$ 1,279,374	$ 2,994,576

During the year ended December 31, 2015, the following changes occurred in the long term liabilities for the Component Unit:

Description	Beginning Balance 1/1/2015	Additions	Reductions	Ending Balance 12/31/2015	Due Within One Year
Loans/Mortgages	$ 1,616,629	$ 900,334	$ 801,761	$ 1,715,202	$ 16,277

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, 2016, the Housing Authority's fiscal year end, the balance sheet date reported for the component unit was December 31, 2015, which is the fiscal year end of the component unit.

During the fiscal year ended September 30, 2016, the Authority received developer fee income in the amount of $240,003 from the component unit.

Note 12 – PENSION PLANS

The following table represents the aggregate pension amounts for all plans subject to the requirements of the GASB Statement 68, *Accounting and Financial Reporting for Pensions* for the fiscal year 2016:

Aggregate Pension Amounts – All Plans	
Pension liabilities	$ 1,591,876
Pension assets	$ -
Deferred outflows of resources	$ 222,933
Deferred inflows of resources	$ 48,724
Pension expense/expenditures	$ 160,006

State Sponsored Pension Plans

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

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

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

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

Public Employees' Retirement System (PERS)

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

PERS Plan 1 provides retirement, disability and death benefits. Retirement benefits are determined as two percent of the member's average final compensation (AFC) times the member's years of service. The AFC is the average of the member's 24 highest consecutive service 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. Members retiring from active status prior to the age of 65 may receive actuarially reduced benefits. Retirement benefits are actuarially reduced to reflect the choice of a survivor benefit. 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 Department of Labor and 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.

Contributions

The **PERS Plan 1** member contribution rate is established by State statute at 6 percent. The employer contribution rate is developed by the Office of the State Actuary and includes an administrative expense component that is currently set at 0.18 percent. Each biennium, the state Pension Funding Council adopts Plan 1 employer contribution rates. The PERS Plan 1 required contribution rates (expressed as a percentage of covered payroll) for 2016 were as follows:

PERS Plan 1		
Actual Contribution Rates:	**Employer**	**Employee**
Local Governmental Units 2016	11.18%	6.00%

The Authority's actual contributions to the plan were $ 3,058 for the year ended September 30, 2016.

PERS Plan 2/3 provides retirement, disability and death benefits. Retirement benefits are determined as two percent of the member's average final compensation (AFC) times the member's years of service for Plan 2 and 1 percent of AFC for Plan 3. The AFC is the average of the member's 60 highest-paid consecutive service months. There is no cap on years of service credit. Members are eligible for retirement with a full benefit at 65 with at least five years of service credit. Retirement before age 65 is considered an early retirement. PERS Plan 2/3 members who have at least 20 years of service credit and are 55 years of age or older, are eligible for early retirement with a benefit that is reduced by a factor that varies according to age for each year before age 65. PERS Plan 2/3 members who have 30 or more years of service credit and are at least 55 years old can retire under one of two provisions:

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

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

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

Contributions

The **PERS Plan 2/3** employer and employee contribution rates are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. The Plan 2/3 employer rates include a component to address the PERS Plan 1 UAAL and an administrative expense that is currently set at 0.18 percent. Each biennium, the state Pension Funding Council adopts Plan 2 employer and employee contribution rates and Plan 3 contribution rates. The PERS Plan 2/3 required contribution rates (expressed as a percentage of covered payroll) for 2016 were as follows:

PERS Plan 2/3		
Actual Contribution Rates:	**Employer 2/3**	**Employee 2***
Local Governmental Units 2016	11.18%	6.12%

The Authority's actual contributions to the plan were $ 182,701 for the year ended September 30, 2016.

Actuarial Assumptions

The total pension liability (TPL) for each of the DRS plans was determined using the most recent actuarial valuation completed in 2016 with a valuation date of June 30 2015. The actuarial assumptions used in the valuation were based on the results of the Office of the State Actuary's (OSA) *2007-2012 Experience Study*.

Additional assumptions for subsequent events and law changes are current as of the 2015 actuarial valuation report. The TPL was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2016. Plan liabilities were rolled forward from June 30, 2015, to June 30, 2016, reflecting each plan's normal cost (using the entry-age cost method), assumed interest and actual benefit payments.

- **Inflation:** 3% total economic inflation; 3.75% salary inflation

- **Salary increases**: In addition to the base 3.75% salary inflation assumption, salaries are also expected to grow by promotions and longevity.

- **Investment rate of return:** 7.5%

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

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

- The OSA updated demographic assumptions, consistent with the changes from the *2007-2012 Experience Study Report*, used when valuing the PERS 1 and TERS 1 Basic Minimum COLA.

- The OSA corrected how valuation software calculates a member's entry age under the entry age normal actuarial cost method. Previously, the funding age was rounded, resulting in an entry age one year higher in some cases.

- For purposes of calculating the Plan 2/3 Entry Age Normal Cost contribution rates, the OSA now uses the current blend of Plan 2 and Plan 3 salaries rather than using a long-term membership assumption of two-thirds Plan 2 members and one-third Plan 3 members.

- The OSA changed the way it applies salary limits, as described in the *2007-2012 Experience Study Report*.

Discount Rate

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

To determine that rate, an asset sufficiency test included an assumed 7.7 percent long-term discount rate to determine funding liabilities for calculating future contribution rate requirements. Consistent with the long-term expected rate of return, a 7.5 percent future investment rate of return on invested assets was assumed for the test. Contributions from plan members and employers are assumed to continue being made at contractually required rates (including PERS 2/3 employers, whose rates include a component for the PERS 1 plan liabilities). Based on these assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return of 7.5 percent was used to determine the total liability.

Long-Term Expected Rate of Return

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

Estimated Rates of Return by Asset Class

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

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

Sensitivity of NPL

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

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
PERS 1	$ 890,808	$ 738,708	$ 607,817
PERS 2/3	$ 1,570,835	$ 853,168	$ (444,123)

Pension Plan Fiduciary Net Position

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

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

At September 30, 2016, the Authority reported a total pension liability of $ 1,591,876 for its proportionate share of the net pension liabilities as follows:

	Liability (or Asset)
PERS 1	$ 738,708
PERS 2/3	$ 853,168

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

	Proportionate Share 6/30/15	Proportionate Share 6/30/16	Change in Proportion
PERS 1	0.014029%	0.013755%	(0.000274%)
PERS 2/3	0.017532%	0.016945%	(0.000587%)

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

The collective net pension liability (asset) was measured as of June 30, 2016, and the actuarial valuation date on which the total pension liability (asset) is based was as of June 30, 2015, with update procedures used to roll forward the total pension liability to the measurement date.

Pension Expense

For the year ended September 30, 2016, the Authority recognized pension expense as follows:

	Pension Expense
PERS 1	$ 84,808
PERS 2/3	75,198
TOTAL	$ 160,006

Deferred Outflows of Resources and Deferred Inflows of Resources

At September 30, 2016, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

PERS 1	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ -
Net difference between projected and actual investment earnings on pension plan investments	18,600	-
Changes of assumptions	-	-

Changes in proportion and differences between contributions and proportionate share of contributions	-	-
Contributions subsequent to the measurement date	19,502	-
TOTAL	$ 38,102	$ -

PERS 2/3	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 45,431	$ 28,164
Net difference between projected and actual investment earnings on pension plan investments	8,818	-
Changes of assumptions	104,403	-
Changes in proportion and differences between contributions and proportionate share of contributions	1,724	20,560
Contributions subsequent to the measurement date	24,455	-
TOTAL	$ 184,831	$ 48,724

Deferred outflows of resources related to pensions resulting from the Authority's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2017. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	PERS # 1	PERS # 2 & 3
2017	$ (4,580)	$ (5,291)
2018	$ (4,580)	$ (5,291)
2019	$ 17,082	$ 73,948
2020	$ 10,678	$ 48,286
TOTAL	$ 18,600	$ 111,652

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 (Inter-local 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 Coverage’s 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 – PRIOR PERIOD ADJUSTMENTS

A Payment in lieu of taxes (PILOT) payment was missed in a prior year resulting in an additional payment of $19,090; $15,275 was recaptured by the Veteran's Administration for 2015 unspent revenues and $821 in miscellaneous correction of errors.

Note 15 – UNUSED LINE OF CREDIT

At September 30, 2016, the Authority maintained an unused line of credit of $100,000 with Heritage Bank. The line of credit secured by all of the Authority's and a property. The interest rate terms under this line of credit agreement are variable. The initial rate is 4.75% per annum. There was no balance due on the line of credit at September 30, 2016 and the Authority did not draw upon the line of credit during the year ended September 30, 2016.

Note 16 – SUBSEQUENT EVENT

On October 1, 2016 the Authority paid $515,000 plus accrued interest to retire the Hawthorne House Bond.

HOUSING OPPORTUNITIES OF SW WASHINGTON
Schedules of Required Supplementary Information

SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PERS Pension Plans
As of June 30, 2016
Last 10 Fiscal Years*

PERS # 1	2016	2015	2014	2013
Housing Authority's proportion of the net pension liability (asset)	0.013755%	0.014029%	0.013600%	0.012800%
Housing Authority's proportionate share of the net pension liability (asset)	738,708	733,847	686,467	749,164
Housing Authority's covered-employee payroll	27,080	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	2727.87%	2801.37%	3929.63%	3546.34%
Plan fiduciary net position as a percentage of the total pension liability	57.03%	59.10%	61.19%	

PERS # 2/3	2016	2015	2014	2013
Housing Authority's proportion of the net pension liability (asset)	0.016945%	0.017532%	0.017099%	0.016200%
Housing Authority's proportionate share of the net pension liability (asset)	853,167	626,428	345,633	692,981
Housing Authority's covered-employee payroll	1,593,322	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	53.55%	40.87%	21.40%	50.70%
Plan fiduciary net position as a percentage of the total pension liability	85.82%	89.20%	93.29%	

* Until a full 10 year trend is compiled information is presented only for those years for which information is available.

HOUSING OPPORTUNITIES OF SW WASHINGTON
Schedules of Required Supplementary Information

SCHEDULE OF THE AUTHORITY'S EMPLOYER CONTRIBUTIONS
PERS Pension Plans
As of September 30, 2016
Last 10 Fiscal Years

PERS # 1	2016	2015	2014	2013
Contractually required contribution	3,058	2,547	1,608	1,610
Contributions in relation to the contractually required contribution	(3,058)	(2,547)	(1,608)	(1,610)
Contribution deficiency (excess)	-	-	-	-
Housing Authority's covered-employee payroll	27,356	26,196	17,469	21,125
Contributions as a percentage of covered-employee payroll	11.18%	9.72%	9.20%	7.62%

PERS # 2/3	2016	2015	2014	2013
Contractually required contribution	182,701	146,030	146,500	103,959
Contributions in relation to the contractually required contribution	(182,701)	(146,030)	(146,500)	(103,959)
Contribution deficiency (excess)	-	-	-	-
Housing Authority's covered-employee payroll	1,634,176	1,503,954	1,590,666	1,350,171
Contributions as a percentage of covered-employee payroll	11.18%	9.71%	9.21%	7.70%

* Until a full 10 year trend is compiled information is presented only for those years for which information is available.

HOUSING OPPORTUNITIES OF SW WASHINGTON
Notes to Required Supplementary Information
For the Year Ended September 30, 2016

NOTE 1 – BASIS OF ACCOUNTING AND PRESENTATION

The HOSWWA maintains it 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

There were no changes in the assumptions for the Pension Plans.

HOUSING OPPORTUNITIES OF SW WASHINGTON
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2016

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	311,680	-	311,680	3c
10.415		Rural Rental Housing Loans		56-008-977666317-041	849,013	-	849,013	3d
					3,301,023	-	3,301,023	
	Department of Agriculture:							
10.427		Rural Rental Assistance Payments		56-008-977666317-016	146,507	-	146,507	
10.427		Rural Rental Assistance Payments		56-008-977666317-028	240,659	-	240,659	
10.427		Rural Rental Assistance Payments		56-008-977666317-030	41,762	-	41,762	
10.427		Rural Rental Assistance Payments		56-008-977666317-041	111,056	-	111,056	
					539,984	-	539,984	
	Total Department of Agriculture				3,841,007	-	3,841,007	
	Department of Housing & Urban Development:							
14.247		Self-Help Homeownership Opportunity Program	Community Frameworks		15,000	-	15,000	3g
14.239		Home Investment Partnerships Program	Washington Dept of Commerce	15-42401-116	-	113,677	113,677	
14.239		Home Investment Partnerships Program	Washington Dept of Commerce	15-42401-117	-	85,859	85,859	
14.239		Home Investment Partnerships Program	Washington Dept of Commerce	15-42401-124		14,824	14,824	
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	-	1,313,052	1,313,052	3e
14.239		Home Investment Partnerships Program	Longview/Kelso Consortium	TBRA, Activity #157	-	4,792	4,792	
		Total Home			-	3,307,204	3,307,204	
14.856		Lower Income Housing Assistance Program		WA007MR0001	60,743	-	60,743	
14.871		Section 8 Housing Choice Vouchers		WA007VO	8,392,162	-	8,392,162	
14.896		Family Self-Sufficiency Program		WA007FSH012A015	74,659	-	74,659	
	Total Department of Housing & Urban Development				8,542,564	3,307,204	11,849,768	
	Department of Veterans Affairs							
64.024		VA Homeless Providers Grant and Per Diem Program (Veterans Per-Diem)		08-90-WA	306,340	-	306,340	
64.024		VA Homeless Providers Grant and Per Diem Program (Veterans Transition In Place)		15-16-WA March 2016	172,095	-	172,095	
64.024		VA Homeless Providers Grant and Per Diem Program (Supportive Services for Veteran	Metropolitan Development Council	SSVF 14-WA-300	-	448,187	448,187	
	Total Department of Veterans Affairs				478,435	448,187	926,622	
		Total Federal Assistance			$ 12,862,006	$ 3,755,391	$ 16,617,397	

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

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 $8,385,626.

Note 3 – FEDERAL LOANS

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

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. The 9/30/2016 balance of the loan is $1,151,563.
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. The 9/30/2016 balance of the loan is $741,461.
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. The 9/30/2016 balance of the loan is $307,469.
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. The 9/30/2016 balance of the loan is $837,565.
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. The 9/30/2016 balance of the loan is $1,273,798.
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. The 9/30/2016 balance of the loan is $1,775,000.

g. The Authority was approved by Community Frameworks to receive loans totaling $15,000 for land acquisition to create affordable housing. The 9/30/2016 balance of the loan is $15,000.

Note 4 – INDIRECT COST RATE

The Authority has not elected to use the 10 percent de minims indirect cost rate allowed under the Uniform Guidance.

Housing Authority City of Longview (WA007)

Longview, WA

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit   Fiscal Year End: 09/30/2016

	14.896 PIH Family Self-Sufficiency Program	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	14.247 Self-Help Homeownership Opportunity Program	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	14.856 Lower Income Housing Assistance Program_Section 8 Moderate	Subtotal	ELIM	Total
111 Cash - Unrestricted				$187,080	$105,185		$61,805	$55,235	$35,005	$102,823	$12,818	$559,951		$559,951
112 Cash - Restricted - Modernization and Development							$0			$1,113	$0	$1,113		$1,113
113 Cash - Other Restricted				$962,313	$44,693		$79,920			$12,166	$22,321	$1,121,413		$1,121,413
114 Cash - Tenant Security Deposits				$38,799			$11,125			$32,900	$0	$82,824		$82,824
115 Cash - Restricted for Payment of Current Liabilities					$83,812						$0	$83,812		$83,812
100 Total Cash	$0	$0	$0	$1,188,192	$233,690	$0	$152,850	$55,235	$35,005	$149,002	$35,139	$1,849,113	$0	$1,849,113
121 Accounts Receivable - PHA Projects					$184						$0	$184		$184
122 Accounts Receivable - HUD Other Projects					$0						$0	$0		$0
124 Accounts Receivable - Other Government				$216	$21			$69,844	$19,495	$49,042	$0	$138,618		$138,618
125 Accounts Receivable - Miscellaneous				$31,531	$3,258					$31,393	$0	$66,182		$66,182
126 Accounts Receivable - Tenants				$28			$4,179			$5,631	$0	$9,838		$9,838
126.1 Allowance for Doubtful Accounts -Tenants				-$2			-$41			-$3,110	$0	-$3,153		-$3,153
126.2 Allowance for Doubtful Accounts - Other				$0	$0			$0	$0	$0	$0	$0		$0
127 Notes, Loans, & Mortgages Receivable - Current											$0			
128 Fraud Recovery											$0			
128.1 Allowance for Doubtful Accounts - Fraud											$0			
129 Accrued Interest Receivable										$39,980	$0	$39,980		$39,980
120 Total Receivables, Net of Allowances for Doubtful Accounts	$0	$0	$0	$31,773	$3,463	$0	$4,138	$69,844	$19,495	$122,936	$0	$251,649	$0	$251,649
131 Investments - Unrestricted											$0			
132 Investments - Restricted											$0			
135 Investments - Restricted for Payment of Current Liability											$0			
142 Prepaid Expenses and Other Assets				$18,295	$24		$10,169	$10,030	$1	$9,704	$0	$48,223		$48,223
143 Inventories				$2,049	$0					$2,161	$0	$4,210		$4,210
143.1 Allowance for Obsolete Inventories				$0	$0					$0	$0	$0		$0
144 Inter Program Due From				$140,113						$238,668	$0	$378,781	-$378,781	$0
145 Assets Held for Sale											$0			
150 Total Current Assets	$0	$0	$0	$1,380,422	$237,177	$0	$167,157	$135,109	$54,501	$522,471	$35,139	$2,531,976	-$378,781	$2,153,195
161 Land				$572,737			$308,313			$826,278	$0	$1,707,328		$1,707,328
162 Buildings				$5,609,971			$7,100,407			$8,515,137	$0	$21,225,515		$21,225,515
163 Furniture, Equipment & Machinery - Dwellings							$227,935			$14,301	$0	$242,236		$242,236
164 Furniture, Equipment & Machinery - Administration				$13,805	$55,971					$169,273	$0	$239,049		$239,049
165 Leasehold Improvements					$10,397					$2,716,656	$0	$2,727,053		$2,727,053
166 Accumulated Depreciation				-$2,280,793	-$46,313		-$504,414			-$3,164,527	$0	-$5,996,047		-$5,996,047
167 Construction in Progress				$3,318							$0	$3,318		$3,318
168 Infrastructure							$615,439				$0	$615,439		$615,439
160 Total Capital Assets, Net of Accumulated Depreciation	$0	$0	$0	$3,919,038	$20,055	$0	$7,747,680	$0	$0	$9,077,118	$0	$20,763,891	$0	$20,763,891
171 Notes, Loans and Mortgages Receivable - Non-Current						$15,000			$185,000	$621,087	$0	$821,087		$821,087
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due											$0			

173 Grants Receivable - Non Current											$0			
174 Other Assets							$99,625				$0	$99,625		$99,625
176 Investments in Joint Ventures										$266,510	$0	$266,510		$266,510
180 Total Non-Current Assets	$0	$0	$0	$3,919,038	$20,055	$15,000	$7,847,305	$0	$185,000	$9,964,715	$0	$21,951,113	$0	$21,951,113
200 Deferred Outflow of Resources										$222,933	$0	$222,933		$222,933
290 Total Assets and Deferred Outflow of Resources	$0	$0	$0	$5,299,460	$257,232	$15,000	$8,014,462	$135,109	$239,501	$10,710,119	$35,139	$24,706,022	-$378,781	$24,327,241
311 Bank Overdraft											$0			
312 Accounts Payable <= 90 Days				$92,448			$15,330	$76		$83,273	$0	$191,127		$191,127
313 Accounts Payable >90 Days Past Due											$0			
321 Accrued Wage/Payroll Taxes Payable			$51	$24,625	$46,157			$45,975	$546	$84,225	$330	$201,909		$201,909
322 Accrued Compensated Absences - Current Portion			$4	$43	$138			$95	$15	$269	$9	$573		$573
324 Accrued Contingency Liability											$0			
325 Accrued Interest Payable				$17,124			$30,858			$27,422	$0	$75,404		$75,404
331 Accounts Payable - HUD PHA Programs											$0			
332 Account Payable - PHA Projects											$0			
333 Accounts Payable - Other Government											$0			
341 Tenant Security Deposits				$38,799			$11,125			$32,900	$0	$82,824		$82,824
342 Unearned Revenue				$13,753			$8,792	$23,664		$13,731	$18,645	$78,585		$78,585
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue				$629,900			$16,968			$164,156	$0	$811,024		$811,024
344 Current Portion of Long-term Debt - Operating Borrowings											$0			
345 Other Current Liabilities					$83,812		$310,229			$413	$0	$394,454		$394,454
346 Accrued Liabilities - Other											$0			
347 Inter Program - Due To			$3,548					$18,014	$3,527	$353,692	$0	$378,781	-$378,781	$0
348 Loan Liability - Current											$0			
310 Total Current Liabilities	$0	$0	$3,603	$816,692	$130,107	$0	$393,302	$87,824	$4,088	$760,081	$18,984	$2,214,681	-$378,781	$1,835,900
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue				$4,401,744		$15,000	$1,698,234		$0	$7,461,426	$0	$13,576,404		$13,576,404
352 Long-term Debt, Net of Current - Operating Borrowings											$0			
353 Non-current Liabilities - Other											$0			
354 Accrued Compensated Absences - Non Current			$11	$4,280	$13,650			$9,445	$136	$26,613	$81	$54,216		$54,216
355 Loan Liability - Non Current											$0			
356 FASB 5 Liabilities											$0			
357 Accrued Pension and OPEB Liabilities										$1,591,876	$0	$1,591,876		$1,591,876
350 Total Non-Current Liabilities	$0	$0	$11	$4,406,024	$13,650	$15,000	$1,698,234	$9,445	$136	$9,079,915	$81	$15,222,496	$0	$15,222,496
300 Total Liabilities	$0	$0	$3,614	$5,222,716	$143,757	$15,000	$2,091,536	$97,269	$4,224	$9,839,996	$19,065	$17,437,177	-$378,781	$17,058,396
400 Deferred Inflow of Resources										$48,724	$0	$48,724		$48,724
508.4 Net Investment in Capital Assets	$0	$0	$0	-$1,112,606	$20,055	-$15,000	$6,032,478	$0	$0	$1,451,536	$0	$6,376,463		$6,376,463
511.4 Restricted Net Position	$0	$0	$0	$962,313	$44,693	$0	$79,920	$0	$0	$13,279	$22,321	$1,122,526		$1,122,526
512.4 Unrestricted Net Position	$0	$0	-$3,614	$227,037	$48,727	$15,000	-$189,472	$37,840	$235,277	-$643,416	-$6,247	-$278,868		-$278,868
513 Total Equity - Net Assets / Position	$0	$0	-$3,614	$76,744	$113,475	$0	$5,922,926	$37,840	$235,277	$821,399	$16,074	$7,220,121	$0	$7,220,121
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	$0	$0	$0	$5,299,460	$257,232	$15,000	$8,014,462	$135,109	$239,501	$10,710,119	$35,139	$24,706,022	-$378,781	$24,327,241

Housing Authority City of Longview (WA007)

Longview, WA

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit Fiscal Year End: 09/30/2016

	14.896 PIH Family Self-Sufficiency Program	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	14.247 Self-Help Homeownership Opportunity Program	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	14.856 Lower Income Housing Assistance Program_Section 8 Moderate	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue				$421,968			$305,947			$842,401	$0	$1,570,316		$1,570,316
70400 Tenant Revenue - Other				$51,139			$15,997			$21,468	$0	$88,604		$88,604
70500 Total Tenant Revenue	$0	$0	$0	$473,107	$0	$0	$321,944	$0	$0	$863,869	$0	$1,658,920	$0	$1,658,920
70600 HUD PHA Operating Grants	$74,659				$8,392,162						$60,743	$8,527,564		$8,527,564
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		$539,984				$926,622	$219,152	$148,501	$0	$2,006,484		$2,006,484
71100 Investment Income - Unrestricted				$8,869						$13,325	$0	$22,194		$22,194
71200 Mortgage Interest Income										$2,636	$0	$2,636		$2,636
71300 Proceeds from Disposition of Assets Held for Sale											$0			
71310 Cost of Sale of Assets											$0			
71400 Fraud Recovery					$13,954						$0	$13,954		$13,954
71500 Other Revenue				$2,082	$359,918		$1,531		$10,000	$838,088	$0	$1,211,619	-$470,795	$740,824
71600 Gain or Loss on Sale of Capital Assets											$0			
72000 Investment Income - Restricted				$170						$19	$0	$189		$189
70000 Total Revenue	$74,659	$172,225	$0	$1,024,212	$8,766,034	$0	$323,475	$926,622	$229,152	$1,866,438	$60,743	$13,443,560	-$470,795	$12,972,765
91100 Administrative Salaries			$379	$20,536	$349,239		$30,645	$116,266	$4,766	$399,862	$2,886	$924,579		$924,579
91200 Auditing Fees			$51	$9,860	$11,610		$6,000	$3,063	$343	$11,444	$115	$42,486		$42,486
91300 Management Fee			$273	$99,348	$160,205		$18,717	$40,658	$7,898	$60,342	$2,223	$389,664	-$370,646	$19,018
91310 Book-keeping Fee					$100,149						$0	$100,149	-$100,149	$0
91400 Advertising and Marketing								$530			$0	$530		$530
91500 Employee Benefit contributions - Administrative			$118	$5,318	$132,146		$12,998	$30,102	$1,780	$104,857	$1,093	$288,412		$288,412
91600 Office Expenses			$158	$27,514	$45,493		$7,931	$63,678	$880	$57,792	$301	$203,747		$203,747
91700 Legal Expense				$123			$4,618			$675	$0	$5,416		$5,416
91800 Travel			$22	$3,830	$6,251		$2,171	$20,108	$144	$18,750	$54	$51,330		$51,330
91810 Allocated Overhead											$0			
91900 Other			$41	$5,950	$38,030		$8,674	$60,919	$915	$31,528	$609	$146,666		$146,666
91000 Total Operating - Administrative	$0	$0	$1,042	$172,479	$843,123	$0	$91,754	$335,324	$16,726	$685,250	$7,281	$2,152,979	-$470,795	$1,682,184
92000 Asset Management Fee											$0			
92100 Tenant Services - Salaries	$54,369			$16,284	$3,629			$369,030		$41,873	$0	$485,185		$485,185
92200 Relocation Costs											$0			
92300 Employee Benefit Contributions - Tenant Services	$20,290			$2,728	$1,767			$106,279		$15,929	$0	$146,993		$146,993

92400 Tenant Services - Other					-$53		$30,061	$151,880		$50,571	$0	$232,459		$232,459
92500 Total Tenant Services	$74,659	$0	$0	$19,012	$5,343	$0	$30,061	$627,189	$0	$108,373	$0	$864,637	$0	$864,637
93100 Water				$41,417			$20,292			$24,779	$0	$86,488		$86,488
93200 Electricity				$29,703			$7,025			$52,656	$0	$89,384		$89,384
93300 Gas										$5,251	$0	$5,251		$5,251
93400 Fuel											$0			
93500 Labor											$0			
93600 Sewer				$68,833			$22,704			$53,183	$0	$144,720		$144,720
93700 Employee Benefit Contributions - Utilities											$0			
93800 Other Utilities Expense				$47,880			$11,648			$23,879	$0	$83,407		$83,407
93000 Total Utilities	$0	$0	$0	$187,833	$0	$0	$61,669	$0	$0	$159,748	$0	$409,250	$0	$409,250
94100 Ordinary Maintenance and Operations - Labor				$159,883	$249		$11,909			$132,880	$0	$304,921		$304,921
94200 Ordinary Maintenance and Operations - Materials and Other				$54,800	$217		$3,873		$2	$45,562	$0	$104,454		$104,454
94300 Ordinary Maintenance and Operations Contracts				$165,361			$3,800	$300		$120,746	$0	$290,207		$290,207
94500 Employee Benefit Contributions - Ordinary Maintenance				$53,201	$103		$8,106			$46,318	$0	$107,728		$107,728
94000 Total Maintenance	$0	$0	$0	$433,245	$569	$0	$27,688	$300	$2	$345,506	$0	$807,310	$0	$807,310
95100 Protective Services - Labor											$0			
95200 Protective Services - Other Contract Costs				$1,274						$3,769	$0	$5,043		$5,043
95300 Protective Services - Other											$0			
95500 Employee Benefit Contributions - Protective Services											$0			
95000 Total Protective Services	$0	$0	$0	$1,274	$0	$0	$0	$0	$0	$3,769	$0	$5,043	$0	$5,043
96110 Property Insurance				$29,259	$6,013		$11,858	$4,629	$154	$31,757	$52	$83,722		$83,722
96120 Liability Insurance											$0			
96130 Workmen's Compensation											$0			
96140 All Other Insurance											$0			
96100 Total insurance Premiums	$0	$0	$0	$29,259	$6,013	$0	$11,858	$4,629	$154	$31,757	$52	$83,722	$0	$83,722
96200 Other General Expenses				$16,461	$27,985		$3,282			$2,419	$0	$50,147		$50,147
96210 Compensated Absences			$40	$483	$1,999			$2,021	$41	$3,234	$16	$7,834		$7,834
96300 Payments in Lieu of Taxes				$16,399						$3,173	$0	$19,572		$19,572
96400 Bad debt - Tenant Rents				$1,328			$5,000			$5,719	$0	$12,047		$12,047
96500 Bad debt - Mortgages											$0			
96600 Bad debt - Other					$12,564						$0	$12,564		$12,564
96800 Severance Expense											$0			
96000 Total Other General Expenses	$0	$0	$40	$34,671	$42,548	$0	$8,282	$2,021	$41	$14,545	$16	$102,164	$0	$102,164
96710 Interest of Mortgage (or Bonds) Payable		$172,225		$72,539			$66,668			$212,034	$0	$523,466		$523,466
96720 Interest on Notes Payable (Short and Long Term)											$0			
96730 Amortization of Bond Issue Costs											$0			
96700 Total Interest Expense and Amortization Cost	$0	$172,225	$0	$72,539	$0	$0	$66,668	$0	$0	$212,034	$0	$523,466	$0	$523,466
96900 Total Operating Expenses	$74,659	$172,225	$1,082	$950,312	$897,596	$0	$297,980	$969,463	$16,923	$1,560,982	$7,349	$4,948,571	-$470,795	$4,477,776
97000 Excess of Operating Revenue over Operating Expenses	$0	$0	-$1,082	$73,900	$7,868,438	$0	$25,495	-$42,841	$212,229	$305,456	$53,394	$8,494,989	$0	$8,494,989
97100 Extraordinary Maintenance											$0			

97200 Casualty Losses - Non-capitalized					$526						$0	$526		$526
97300 Housing Assistance Payments				$1,606	$7,540,009				$204,197	$5,631	$52,027	$7,803,470		$7,803,470
97350 HAP Portability-In					$322,539						$0	$322,539		$322,539
97400 Depreciation Expense				$189,840	$5,648		$351,281			$336,096	$0	$882,865		$882,865
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	$74,659	$172,225	$1,082	$1,141,758	$8,766,318	$0	$649,261	$969,463	$221,120	$1,902,709	$59,376	$13,957,971	-$470,795	$13,487,176
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											$0			
10094 Transfers between Project and Program - Out											$0			
10100 Total Other financing Sources (Uses)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	$0	$0	-$1,082	-$117,546	-$284	$0	-$325,786	-$42,841	$8,032	-$36,271	$1,367	-$514,411	$0	-$514,411
11020 Required Annual Debt Principal Payments	$0	$0	$0	$125,730	$0	$0	$16,228	$0	$0	$129,493	$0	$271,451		$271,451
11030 Beginning Equity	$0	$0	-$2,532	$206,249	$113,759	$0	$6,248,712	$95,956	$227,245	$864,801	$15,528	$7,769,718		$7,769,718
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors				-$11,959			$0	-$15,275		-$7,131	-$821	-$35,186		-$35,186
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					$68,782						$0	$68,782		$68,782
11180 Housing Assistance Payments Equity					$44,693						$0	$44,693		$44,693
11190 Unit Months Available				1812	16704		456	411	444	1452	132	21411		21411
11210 Number of Unit Months Leased				1768	16351		422	409	419	1414	114	20897		20897
11270 Excess Cash											$0			
11610 Land Purchases											$0			
11620 Building Purchases											$0			
11630 Furniture & Equipment - Dwelling Purchases											$0			
11640 Furniture & Equipment - Administrative Purchases											$0			
11650 Leasehold Improvements Purchases											$0			
11660 Infrastructure Purchases											$0			
13510 CFFP Debt Service Payments											$0			
13901 Replacement Housing Factor Funds											$0			