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

FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2017

Loveridge Hunt & Co., PLLC
CERTIFIED PUBLIC ACCOUNTANTS

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Housing Opportunities of SW Washington

Schedule of Findings and Questioned Costs

Year Ended September 30, 2017

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
10.415	Rural Rental Housing Loans
10.427	Rural Rental Assistance Payments

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 discretely presented component unit of the Housing Opportunities of SW Washington (the Authority) as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated April 24, 2018.

<u>Internal Control Over Financial Reporting</u>
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.

14725 SE 36th Street, Suite 401, Bellevue, WA 98006 Phone (425) 453-2088 Fax (425) 646-3368

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
April 24, 2018

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 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, 2017. 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 federal statutes, regulations, and the terms and conditions of its federal awards 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, 2017.

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.

Loveridge Hunter & Co, Pllc

Bellevue, Washington
April 24, 2018

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 discretely presented component unit of the Housing Opportunities of SW Washington (the Authority), as of and for the year ended September 30, 2017, 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.

14725 SE 36th Street, Suite 401, Bellevue, WA 98006 Phone (425) 453-2088 Fax (425) 646-3368

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, 2017, 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 19 and pension schedules on pages 51 to 52 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, 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 April 24, 2018, 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. 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.

Lorentzge Houston Co, PLLC

Bellevue, Washington
April 24, 2018

FINANCIAL SECTION

The Housing Authority of the City of Longview (Authority), 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 decreased by $427 thousand (25%) during the year. Unrestricted cash and cash equivalents decreased by $31 thousand (6%) and restricted cash and cash equivalents decreased by $396 thousand (33%). The reduction of unrestricted cash is the result of an increased accounts receivable. The decrease in restricted cash is the result of refunding the Hawthorne House bond and the removal of a debt service reserve.

- The Authority maintained average occupancy rate of 97% across all projects.

- Total assets and deferred outflows of resources of the authority exceeded total liabilities and deferred inflows of resources at September 30, 2017 by $1.4 million, which is an increase of $77 thousand (6.0%) during the year.

- Operating revenues were $1.9 million and non-operating (grants and interest) revenues were $11 million. A reduction of $198 thousand in operating revenues and an increase of $307 thousand in non-operating revenues for a total increase of $109 thousand from the previous year. Tenant income increased $62 thousand (4.6%) and there was a onetime developer's fee of $248 thousand earned in the previous year resulting in the decrease in operating revenues. Non-operating revenues were increased by $311 thousand in additional governmental grants and decreased by $4 thousand in reduced investment income.

- Operating expenses were $12 million and include $8.2 million in housing assistance payments made to landlords (67% of operating expenses). A decrease of $80 thousand from the previous year.

Authority Wide Financial Statements

The focus of Authority-wide financial statements is on the overall financial position and activities of HOSWWA. The Authority's financial statements include a Statement of Net Position, a Statement of Revenues, Expenses & Changes in Fund Net Position, a Statement of Cash Flows, Notes to the Financial Statements and Required Supplementary Information. The financial statements are prepared using the accrual basis of accounting and conform to generally accepted accounting principles as applicable to proprietary funds of governments.

The statement of net position presents total assets and deferred outflows of resources and total liabilities and deferred inflows of resources with the difference between the two totals reported as net position. It provides information about the nature and amounts of investments in resources (assets), consumption of resources that are applicable to future periods (deferred outflows), obligations to the Authority creditors (liabilities) and the acquisition of resources that are applicable to a future reporting period (deferred inflows). It provides the basis for evaluating the capital structure of the Authority and assessing the liquidity and financial flexibility of the Authority. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial condition of the Authority is improving or deteriorating.

The statement of revenues, expenses, and changes in fund net position presents the results of the business activities over the course of the year. This information can be used to determine whether the Authority has successfully recovered all its costs through its user fees and other charges, profitability and credit worthiness.

The statement of cash flows reports cash receipts, cash payments, and net changes in cash resulting from operating, financing, and investing activities over the course of the year. It presents information regarding where cash came from and what it was used for.

The notes to the financial statements provide useful information regarding the Authority's significant accounting policies, significant account balances and activities, certain material risks, estimates, obligations, commitments, contingencies, and subsequent events, if any.

Condensed Comparative Financial Information

Condensed Comparative Statement of Net Position

The following condensed statement of net position by division presents the assets and deferred outflow of resources of the Authority as of September 30, 2017 and 2016 and shows the mix of liabilities and deferred inflow of resources and net position used to acquire these assets and deferred outflow of resources:

Condensed Statement of Net Position

	9/30/2017	9/30/2016
Assets		
Current and Other Assets	$ 1,591,414	$ 1,986,038
Non-current and Capital Assets	14,385,123	14,103,808
Total Assets	15,976,537	16,089,846
Deferred Outflows of Resources	112,338	222,933
Liabilities		
Current Liabilities	1,301,788	1,442,598
Long-term Liabilities	13,185,444	13,524,262
Total Liabilities	14,487,232	14,966,860
Deferred Inflows of Resources	226,961	48,724
Net Position		
Net Investment in Capital Assets	756,322	343,985
Restricted	623,847	1,042,606
Unrestricted	(5,487)	(89,396)
Total Net Position	$ 1,374,682	$ 1,297,195

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 $1.4 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 are property development, depreciation and lowering our overall debt through the normal repayment and reduction of the principal balances. This year the account has an increase of $412 thousand. Most of this change comes from an increase in fixed assets of $286 thousand and a reduction of debt by $129 thousand.

- The Restricted Net Position consists of three major components: debt service reserves held by trustees to support our debt service commitments, Housing Choice Voucher housing assistance payment (HAP) reserve and required reserves for replacement (maintenance reserves). HAP reserves are restricted and can only be used for housing assistance payments for the Housing Choice Voucher program. The debt service reserve was reduced by $532 thousand. The HAP reserve increased by $179 thousand. Reserves for replacement were reduced by $87 thousand. Overall the Restricted Net Position was reduced by $419 thousand in 2017.

- 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. In 2017, this amount increased by $84 thousand.

Condensed Comparative Statement of Revenues, Expenses & Changes in Fund Net Position

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 for the years ended on September 30, 2017 and 2016.

Condensed Statement of Revenues, Expenses and Changes in Net Position

	2017	2016
Revenues		
Operating		
Tenant Revenue	$ 1,412,590	$ 1,350,930
Other	482,249	741,929
Non-operating		
Government Operating Subsidies and Grants	10,844,933	10,534,048
Investment Income	18,121	22,383
Total Revenue	12,757,893	12,649,290
Expenses		
Operating		
Administrative	1,469,229	1,590,431
Tenant Services	880,282	834,576
Utilities	367,694	347,581
Maintenance and Operations	692,904	784,664
Housing Assistance Payments	8,247,689	8,126,009
Depreciation and Amortization	528,982	531,584
Other	114,248	165,746
Non-operating		
Interest and Other	407,029	457,324
Total Expenses	12,708,057	12,837,915
Excess (Deficiency) of Revenues over Expenses	49,836	(188,625)
Prior Period Adjustment	27,651	(35,186)
Net Position, Beginning of Year	1,297,195	1,521,006
Net Position, End of Year	$ 1,374,682	$ 1,297,195

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 85% 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 2017, 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 purchased land in anticipation of new housing development and refinanced the Woodside West apartments.

As of the year end, the Authority had $13 million invested in a variety of capital assets as reflected in the following schedule, which represents a net increase of $286 thousand ($553 thousand prior to a deduction for depreciation) from the end of last year.

Change in Capital Assets

Category	2017	2016	Net Change
Land	$ 1,956,673	$ 1,399,015	$ 557,658
Construction in progress	36,340	3,318	33,022
Building, imporvements & fixtures	14,125,108	14,125,108	-
Leasehold imrovements	2,716,656	2,727,053	(10,397)
Machinery, vehicles & equipment	226,103	253,350	(27,247)
Less accumulated depreciation	(5,758,396)	(5,491,633)	(266,763)
Total capital assets (net)	$ 13,302,484	$ 13,016,211	$ 286,273

Long-Term Debt

As of September 30, 2017 the Authority had $12.5 million in loans, notes and mortgages. This is a reduction of $129 thousand from the prior year balance of $12.7 million. Debt was increased with a $550 thousand mortgage for a land purchase for future development. Debt was also decreased with the payments of $1.3 million in principal payments. This information is presented in detail in note 10 of the notes to the financial statements.

Changes in Loans, Notes, Mortgages and Accrued Interest

Description	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds	$ 515,000	$ -	$ 515,000	$ -	$ -
Mortgages	11,999,488	1,189,530	802,268	12,386,750	628,230
Notes	15,940	-	940	15,000	-
Accrued Interest	141,798	-	386	141,412	-
	$ 12,672,226	$ 1,189,530	$ 1,318,594	$ 12,543,162	$ 628,230

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 2017:

- The administrative cost portion of the Housing Choice Voucher program funding was funded at 80% of eligibility during 2016 and 76.5% of eligibility during 2017. Funding for 2018 is not expected to change.

- The Section 8 Housing Choice Voucher program Housing Assistance Payments was funded at 100% of subsidy eligibility during 2016 and 98% of subsidy eligibility in 2017. Funding for 2018 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 has decreased from 7.2% in September 2016 and 5.4% in September 2017 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 was 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 Accounting Manager of the Housing Opportunities of Southwest Washington. HOSWWA'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, 2017

	Authority	Component Unit
ASSETS		
Current Assets		
Cash and Cash Equivalents	$ 467,550	$ 60,121
Receivables (Net)	281,275	3,309
Inventory	9,843	-
Prepayments	30,622	11,248
Restricted Assets:		
FSS - Escrow	105,399	-
Tenant Security Deposits	72,878	10,722
Replacement Reserves	343,624	163,198
Development	4,432	-
Housing Assistance Payments	246,348	-
Cash - Other	29,443	-
Total Current Assets	1,591,414	248,598
Noncurrent Assets		
Loans Receivable	816,129	-
Investment in Tax Credit Partnership	266,510	
Capital Assets		
Land	1,956,673	308,313
Infrastructure	-	615,439
Buildings	16,841,764	7,100,407
Equipment	226,103	227,935
Construction in Progress	36,340	-
Less Accumulated Depreciation	(5,758,396)	(849,227)
Total Capital Assets (Net)	13,302,484	7,402,867
Other Assets	-	55,835
Total Non-Current Assets	14,385,123	7,458,702
TOTAL ASSETS	$ 15,976,537	$ 7,707,300
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflows Related to Pensions	$ 112,338	$ -

Continued on Page 21

HOUSING OPPORTUNITIES OF SW WASHINGTON
Statement of Net Position - (Continued)
September 30, 2017

	Authority	Component Unit
LIABILITIES		
Current Liabilities		
Accounts Payable	185,236	23,317
Accrued Liabilities	245,626	44,067
Current Portion of Long-Term Debt	628,230	17,028
Tenant Security Deposits	72,878	10,722
Unearned Revenue	64,296	5,576
Other Current Liabilities	105,522	61,878
Total Current Liabilities	1,301,788	162,588
Noncurrent Liabilities		
Compensated Absences	59,576	-
Long-Term Debt	11,917,932	1,645,417
Accrued Pension Liability	1,207,936	-
Total Noncurrent Liabilities	13,185,444	1,645,417
TOTAL LIABILITIES	14,487,232	1,808,005
DEFERRED INFLOWS OF RESOURCES		
Deferred Inflows Related to Pensions	226,961	-
NET POSITION		
Net investment in capital assets	756,322	5,740,422
Restricted	623,847	163,198
Unrestricted	(5,487)	(4,325)
TOTAL NET POSITION	$ 1,374,682	$ 5,899,295

HOUSING OPPORTUNITIES OF SW WASHINGTON
Statement of Revenues, Expenses, and Changes in Fund Net Position
For the Year Ended September 30, 2017

	Authority	Component Unit
OPERATING REVENUES		
Net Tenant Rental Revenue	$ 1,315,877	$ 324,432
Tenant Revenue - Other	96,713	14,080
Other Revenue	482,249	846
Total Operating Revenue	1,894,839	339,358
OPERATING EXPENSES		
Administration	1,469,229	50,058
Tenant Services	880,282	29,925
Utilities	367,694	51,920
Ordinary Maintenance and Operations	692,904	87,126
Housing Assistance Payments	8,247,689	-
Depreciation and Amortization Expense	528,982	344,813
Other General Expenses	114,248	33,732
Total Operating Expenses	12,301,028	597,574
OPERATING INCOME (LOSS)	$ (10,406,189)	$ (258,216)
NON-OPERATING REVENUES (EXPENSES)		
HUD Subsidies and Grant Revenue	8,772,696	-
Other Government Grants	2,072,237	-
Investment Income	18,121	-
Gain or loss on sale of capital asset	(1,854)	-
Casualty losses	(906)	-
Other Revenues (Expenses)	-	(5,004)
Interest Expense	(404,269)	(70,868)
Total Non-Operating Revenues (Expenses)	10,456,025	(75,872)
Income (Loss) before Contributions	49,836	(334,088)
CAPITAL CONTRIBUTIONS	-	310,457
CHANGE IN NET POSITION	49,836	(23,631)
BEGINNING TOTAL NET POSITION	1,297,195	5,922,926
Prior period adjustments	27,651	-
BEGINING TOTAL NET ASSETS RESTATED	1,324,846	5,922,926
ENDING TOTAL NET ASSETS POSITION	$1,374,682	$5,899,295

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

HOUSING OPPORTUNITIES OF SW WASHINGTON
Statement of Cash Flows
For the Year Ended September 30, 2017

	Authority	Component Unit
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Tenants	$ 1,404,871	$ 334,893
Payments to Employees	(2,069,199)	(49,030)
Payments to Suppliers	(1,459,959)	(157,522)
Housing Assistance Payments	(8,240,257)	-
Other Receipts (Payments)	476,376	(32,570)
Net Cash Provided (Used) by Operating Activities	(9,888,168)	95,771
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Grant Receipts	10,824,404	-
Other Payments	-	(2,366)
Net Cash Provided (Used) by Noncapital Financing Activities	10,824,404	(2,366)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital Contributions	-	310,457
(Purchase) of Capital Assets	(815,255)	-
Proceeds from Capital Debt	1,186,915	-
(Payments) on Capital Debt - Principal	(1,312,979)	(265,389)
(Payments) on Capital Debt - Interest	(418,688)	(58,062)
Net Cash Provided (Used) by Capital and Related Financing Activities	(1,360,007)	(12,994)
CASH FLOWS FROM INVESTING ACTIVITIES		
Deposits to Reserves		(82,095)
Notes receivable disbursed	(7,934)	-
Interest and Dividends	5,116	-
Net Cash Provided (Used) by Investing Activities	(2,818)	(82,095)
Net Decrease in Cash and Cash Equivalents	(426,589)	(1,684)
Cash at the Beginning of the Year	1,696,263	61,805
Cash at the End of the Year	$ 1,269,674	$ 60,121

NONCASH FINANCING AND INVESTING ACTIVITIES

During the year, the Authority had $12,892 in debt forgiveness transactions in the Authority's home ownership program. These noncash transactions would have been reported if the transaction involved a cash exchange.

RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	Authority	Component Unit
Operating (Loss)	$ (10,406,189)	$ (258,216)
Adjustments to Reconcile Operating Income (Loss) to Net Cash:		
Depreciation Expense & Amortization	528,982	349,466
Changes in Assets and Liabilities:		
Decrease (Increase) in Receivables	(20,759)	829
Decrease (Increase) in Prepaid Expenses	7,432	(1,079)
Decrease (Increase) in Inventories	(5,633)	-
Increase (Decrease) in Accounts Payable	10,006	7,987
Increase (Decrease) in Other Payables	(7,415)	(3,216)
Net Increase (Decrease) in Other Operating Net Assets	5,408	-
Total Adjustments	518,021	353,987
Net Cash Provided (Used) by Operating Activities	$ (9,888,168)	$ 95,771

Note 1 – SUMMARY OF SIGNIFICANT POLICIES

The accounting policies of the 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 (including identification of those policies which result in departures from generally accepted accounting principles):

During the fiscal year ended September 30, 2017, the Authority implemented, where applicable, GASB Statement No. 82 Pension Issues. This statement amends GASB Statements No. 67, No. 68, and No. 73. Prior to the issuance of this Statement, Statements 67 and 68 required presentation of covered-employee payroll, which is the payroll of employees that are provided with pensions through the pension plan, and ratios that use that measure, in schedules of required supplementary information. This Statement amends Statements 67 and 68 to instead require the presentation of covered payroll, defined as the payroll on which contributions to a pension plan are based, and ratios that use that measure. Changes adopted to conform to the requirements were applied retroactively. This statement does not have a material impact on the Authority's financial statements.

a. Reporting Entity

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

Discretely Presented Component Unit - The 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 to be treated as a component unit. As such the partnership is considered a part of the reporting entity.

In accordance with GASB 14 (as amended by GASB 61), the 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, 2016. The financial statements of the component unit are prepared separately. Copies of these statements can be obtained by contacting the Housing Authority at 820 11th Ave, Longview, WA 98632.

b. Basis of Accounting And Presentation

The 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 nonoperating 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 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 nonoperating 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.

c. Cash and Cash Equivalents

For the purposes of the Statement of Net Position and the Statement of Cash Flows, the Authority considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased, or available on demand, to be cash equivalents.

d. Receivables

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

e. Inventories

The "Inventories" account includes any material dollar amount of rental property components on hand and not installed at a particular property as of the date of the Statement of Net Position. Generally, components are ordered as needed for specific repairs and not maintained as inventory. Inventory is valued at cost and is valued using the "first in first out" (FIFO) method which approximates the market value.

f. Assets Held for Resale

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

g. Notes Receivable

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

These loans are expected to be forgiven or repaid by the loan recipients at the sooner of the end of the compliance period or upon the sale or disposition of the home. These are classified as non-current because they are not expected to be repaid within one year. Because the loans receivable are secured by liens against real property there is generally no need to estimate uncollectible loans receivable.

h. Restricted Assets

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

* "Tenant security deposits" which includes security deposits held pursuant to residential rental agreements. They are included, while not all will be payable, in current period because they are payable from the "Tenant security deposits" account listed under restricted assets.

* 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 were 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, 2017 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, 2016, the component units' carrying amount of deposits was $234,041. These deposits are entirely covered by Federal Depository Insurance Corporation (FDIC).

Note 4 – NOTES RECEIVABLE

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

The Authority has notes receivable from the component unit in the amount of $404,467 plus $52,985 in accrued interest. The component unit discloses $404,467 as a long term liability plus $43,067 in accrued interest. The differences are the result of differing year ends of September 2017 for the Authority and December 2016 for the component unit.

Schedule of Notes Receivable

	Original Amount	Issue Date	Maturity	Interest Rate	Amount Outstanding
Purpose					
Lilac Place	$ 404,467	Oct-13	Jan-58	3.28%	$ 66,267
Lilac Place	338,200	Apr-14	Oct-58	3.28%	338,200
Homeownership	90,000	May-15	Apr-45	3.00%	85,361
	832,667				489,828
Forgivable Notes					
Roulette	37,500	Dec-08	Dec-18	0.00%	4,687
Partain	36,750	Jun-09	Jun-19	0.00%	-
Roberts, C.	36,750	Sep-09	Sep-19	0.00%	7,350
Chappelle	15,000	Mar-10	Mar-20	0.00%	3,750
Dotson	38,000	Mar-10	Jan-20	0.00%	8,867
Grampp	20,000	Aug-17	Aug-27	0.00%	19,833
	184,000				44,487
Notes					
Miller	25,000	Feb-09	Feb-39	0.00%	25,000
Rafferty	25,000	Jul-09	Jul-39	0.00%	25,000
Gallager	25,000	Oct-09	Oct-39	0.00%	25,000
MCHA Pine Gardens	40,000	Apr-16	Apr-44	1.00%	21,814
Juve	25,000	Feb-10	Feb-40	0.00%	25,000
Sloan	10,000	Apr-10	Apr-40	0.00%	10,000
Bastin	10,000	Aug-11	Aug-41	0.00%	10,000
Johnson	10,000	Mar-12	Mar-42	0.00%	10,000
Rogers	10,000	Apr-12	Apr-42	0.00%	10,000
McLean	30,000	Sep-12	Sep-42	0.00%	30,000
Schlais	20,000	Mar-13	Mar-43	0.00%	20,000
Thompson	10,000	Nov-12	Nov-42	0.00%	10,000
Fitch	10,000	May-14	May-44	0.00%	10,000
Roe	10,000	Jul-14	Jul-44	0.00%	10,000
Taylor	40,000	May-15	May-25	0.00%	40,000
	300,000				281,814
	$ 1,316,667				$ 816,129

Notes Receivable Activity for the Period Ending September 30, 2017

	Beginning Balance	Increases	Decreases	Ending Balance
Lilac Place	$ 404,467		$ -	$ 404,467
Homeownership	87,321		1,960	85,361
Forgivable Notes	47,485	20,000	22,998	44,487
Notes	281,814			281,814
	$ 821,087	$ 20,000	$ 24,958	$ 816,129

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, 2017 was as follows:

Housing Authority

	Beginning Balance	Increases	Decreases	Ending Balance
Captial Assets Not Being Depreciated				
Land	$ 1,399,015	$ 558,000	$ 342	$ 1,956,673
Construction in Progress	3,318	162,719	129,697	36,340
Total Capital Assets Not Being Depreciaed	1,402,333	720,719	130,039	1,993,013
Buildings and Improvements	14,125,108	-	-	14,125,108
Funiture, Equipment & Machinery -	14,301	-	-	14,301
Funiture, Equipment & Machinery -	239,049	-	27,247	211,802
Leasehold Improvements	2,727,053	-	10,397	2,716,656
Total Capital Assets being Depreciated	17,105,511	-	37,644	17,067,867
Less Total Accumulated Depreciation	(5,491,633)	266,164	(532,927)	(5,758,396)
Total Capital Assets being Depreciated, Net	11,613,878	266,164	(570,571)	11,309,471
Total Capital Assets, Net	$ 13,016,211	$ 986,883	$ (700,610)	$ 13,302,484

Component Unit

Capital asset activity for the Component Unit for the year ended December 31, 2016 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Captial Assets Not Being Depreciated				
Land	$ 308,313	$ -	$ -	$ 308,313
Capital Assets Being Depreciated				
Land Improvements	615,439	-	-	615,439
Building Improvements	7,100,407	-	-	7,100,407
Funiture, Equipment & Machinery	227,935	-	-	227,935
Total Capital Assets being Depreciated	7,943,781	-	-	7,943,781
Less Total Accumulated Depreciation	(504,414)	(344,813)	-	(849,227)
Total Capital Assets being Depreciated, Net	7,439,367	(344,813)	-	7,094,554
Total Capital Assets, Net	$ 7,747,680	$ (344,813)	$ -	$ 7,402,867

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 one inter-program loan outstanding. The inter-program loans are offset by inter-program receivables of the same amount. Short term inter-program loan activities for the year ended September 30, 2017 were as follows:

From/To	Beginning Balance	Increases	Decreases	Ending Balance
Tulip Valley/Agency	$ 140,113	$ -	$ -	$ 140,113
Agency/Stratford	62,644	-	1,739	60,905
	$ 202,757	$ -	$ 1,739	$ 201,018

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, 2017 amounted to $21,038.

Future minimum rental commitments for these leases are as follows:

Fiscal Year End	Miminum Lease Payments
2018	$ 37,389
2019	36,669
2020	35,417
2021	31,473
2022	16,848
2023-2048	13,000
	$ 170,796

b. Capital Lease(s)

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

Note 9 – PAYABLES FROM RESTRICTED ASSETS

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

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

Note 10 – LONG TERM DEBT AND LIABILITIES

a. 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.

b. Real Estate Mortgages

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

Schedule of Loans Outstanding

Purpose	Original Amount	Issue Date	Fiscal Year Maturity	Interest Rate	Amount Outstanding*
Refinance - Hemlock	$70,000	6/28/2016	2026	5.25%	-
Refinance - Hemlock	78,700	8/11/2017	2027	5.25%	77,570
Acquire single family residence - 18th	27,461	8/14/2008	2023	4.50%	13,653
Acquire land and construct 17 units of elderly housing - Eagle Pointe Village	850,500	8/11/1998	2048	1.00%	942,552
Acquire land and construct 17 units of elderly housing - Eagle Pointe Village	188,691	3/4/1998	2028	3.25%	106,628
Purchase 61 units of senior housing - Hawthorne	1,438,736	10/12/1995	2035	1.00%	1,123,320
Purchase 39 units of elderly/disabled hsg - Tulip Valley	1,238,636	8/1/1995	2031	1.00%	688,446
Leasehold improvements - Sylvester Arms	1,565,717	1/9/1994	2029	1.00%	1,234,152
	772,166	6/19/2012	2022	6.50%	694,517
Purchase 16 units of family housing - Columbia View	493,016	10/25/2005	2045	0.00%	493,015
	99,743	1/19/2006	2036	1.00%	88,299
	242,569	1/19/2006	2036	1.00%	214,738
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%	319,357
	571,735	1/19/2006	2036	1.00%	506,135
Refinance single family residence - 33rd	33,213	6/28/2016	2026	5.25%	29,389
Construction of 20 units of assisted housing - Phoenix House	1,775,000	6/30/2008	2059	0.00%	1,774,999
Refinance - Hawthorne House	430,536	9/23/2016	2031	5.25%	414,680
Refinance - Woodside West	622,681	10/7/2011	2021	6.50%	-
Refinance - Woodside West	617,000	6/9/2017	2027	4.70%	614,142
Development Loan - Lilac Place	410,000	9/17/2013	2018	4.75%	372,405
Acquire 8 units of family housing - Beechwood	490,000	1/30/2013	2023	4.75%	451,436
Refinance of Stratford	490,873	10/30/2012	2014	5.50%	463,694
Rehabilitation of Stratford	800,000	3/31/2013	2053	0.00%	800,000
Purchase land for future development	550,000	9/30/2017	2025	1.00%	550,000
Total	$14,772,756				12,528,162

* The table reflects $146,790 of accrued interest at the end of September 30, 2017.

Mortgage debt service requirements to maturity are as follows:

Year Ending 9/30/20xx	Principal*	Interest	Required Debt Service
2018	$ 628,230	$ 392,049	$ 1,020,279
2019	269,510	360,747	630,257
2020	284,124	345,972	630,096
2021	299,733	330,198	629,931
2022	908,186	303,672	1,211,858
2023-2027	3,137,350	951,021	4,088,371
2028-2032	1,177,229	518,646	1,695,875
2033-2037	942,883	262,512	1,205,395
2038-2042	718,814	136,154	854,968
2043-2047	1,582,662	33,767	1,616,429
2048-2052	80,076	1,213	81,289
2053-2057	800,000	-	800,000
2058-2062	1,774,999	-	1,774,999
Total	$ 12,603,796	$ 3,635,951	$ 16,239,747

* Principal includes $219,126 of accrued interest.

c. Loans and Notes Payable

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

Purpose	Original Amount	Issue Date	Maturity	Interest Rate	Amount Outstanding 9/30/2015
Community Frameworks*	$15,000	Mar/2009	Feb/2019	-	$ 15,000

* 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.

d. Changes in Long-Term Liabilities

During the year ended September 30, 2017, the following changes occurred in long-term liabilities:

Description	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds	$ 515,000	$ -	$ 515,000	$ -	$ -
Mortgages	11,999,488	1,192,530	802,268	12,389,750	628,230
Notes	15,940	-	940	15,000	-
Accrued Interest	141,798	-	386	141,412	-
Pension Liability	1,591,876	-	383,940	1,207,936	-
Compensated Absences	54,789	17,406	-	72,195	12,619
	$ 14,318,891	$ 1,209,936	$ 1,702,534	$ 13,826,293	$ 640,849

e. 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, 2017, 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 ($415,054) are to be paid out of residual receipts as they become available. The WCRA loan ($878,642) is to be paid back out of operations.

Outstanding loans are as follows:

Purpose	Beginning Balance at 1/1/16	Issue Date	Fiscal Year Maturity	Interest Rate	Amount Outstanding
Mortgage	$ 890,323	Jan-15	2030	6.00%	$ 878,642
2nd Mortgage	220,412	Jan-14	2058	0.50%	215,054
Deferred Loan	200,000	Jan-14	2058	0.00%	200,000
Note Payable	404,467	Jan-14	2058	3.28%	404,467
	$ 1,715,202				$ 1,698,163

The loans payable debt service requirements to maturity:

Year Ending 12/31/xxxx	Principal	Interest	Required Debt Service
2017	$ 16,959	$ 66,788	$ 83,747
2018	17,743	66,004	83,747
2019	18,574	65,173	83,747
2020	19,455	64,292	83,747
2021	20,390	63,358	83,748
2022-2026	118,058	300,678	418,736
2027-2031	740,226	199,488	939,714
2032-2036	25,139	69,684	94,823
2037-2041	25,774	69,049	94,823
2042-2046	26,424	68,398	94,822
2047-2051	27,092	67,731	94,823
2052-2056	27,776	67,047	94,823
2057-2061	614,553	56,604	671,157
	$ 1,698,163	$ 1,224,294	$ 2,922,457

During the year ended December 31, 2016, the following changes occurred in the long term liabilities for the Component Unit:

Description	Beginning Balance 1/1/2016	Additions	Reductions	Ending Balance 12/31/2016	Due Within One year
Loans/Mortgages	$ 1,715,202	$ -	$ 17,039	$ 1,698,163	$ 16,959

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, 2017, the Authority's fiscal year end, the balance sheet date reported for the component unit was December 31, 2016, which is the fiscal year end of 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 2017:

Aggregate Pension Amounts – All Plans	
Pension liabilities	$ 1,207,936
Pension assets	$ -
Deferred outflows of resources	$ 112,338
Deferred inflows of resources	$ 226,961
Pension expense/expenditures	$ 96,890

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.

<u>Contributions</u>

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 2017 were as follows:

PERS Plan 1		
Actual Contribution Rates:	**Employer**	**Employee***
January – June 2017:		
PERS Plan 1	6.23%	6.00%
PERS Plan 1 UAAL	4.77%	
Administrative Fee	0.18%	
Total	**11.18%**	**6.00%**

July – December 2017:		
PERS Plan 1	7.49%	6.00%
PERS Plan 1 UAAL	5.03%	
Administrative Fee	.18%	
Total	**12.70%**	**6.00%**

* For employees participating in JBM, the contribution rate was 12.26%.

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 2017 were as follows:

PERS Plan 2/3		
Actual Contribution Rates:	**Employer 2/3**	**Employee 2***
January – June 2017:		
PERS Plan 2/3	6.23%	6.12%
PERS Plan 1 UAAL	4.77%	
Administrative Fee	0.18%	
Employee PERS Plan 3		varies
Total	**11.18%**	**6.12%**
January – June 2017:		
PERS Plan 2/3	7.49%	7.38%
PERS Plan 1 UAAL	5.03%	
Administrative Fee	0.18%	
Employee PERS Plan 3		varies
Total	**12.70%**	**7.38%**

* For employees participating in JBM, the contribution rate was 15.30% for January – June 2017 and 18.45% for July – December 2017.

The Authority's actual PERS plan contributions were $80,730 to PERS Plan 1 and $105,134 to PERS Plan 2/3 for the year ended September 30, 2017.

Actuarial Assumptions

The total pension liability (TPL) for each of the plans was determined using the most recent actuarial valuation completed in 2017 with a valuation date of June 30, 2016. Besides the discount rate, the actuarial assumptions used in the valuation are summarized in the Actuarial Section of DRS' Comprehensive Annual Financial Report located on the DRS employer-resource GASB webpage. These assumptions reflect the results of OSA's 2007-2012 Experience Study and the 2015 Economic Experience Study.

Additional assumptions for subsequent events and law changes are current as of the 2016 actuarial valuation report. The TPL was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2017. Plan liabilities were rolled forward from June 30, 2016, to

June 30, 2017, 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.

- For all plans except LEOFF Plan 1, how terminated and vested member benefits are valued was corrected.
- How the basic minimum COLA in PERS Plan 1 and TRS Plan 1 is valued for legal order payees was improved.
- The average expected remaining service lives calculation was revised. It is used to recognize the changes in pension expense to no longer discount future years of service back to the present day.

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. (All plans use 7.7 percent except LEOFF 2, which has assumed 7.5 percent). 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%	4.90%
Real Estate	15%	5.80%
Global Equity	37%	6.30%
Private Equity	23%	9.30%

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	$ 771,801	$ 633,563	$ 513,819
PERS 2/3	1,547,422	574,373	(222,896)

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, 2017, the Authority reported a total pension liability of $ 1,207,936 for its proportionate share of the net pension liabilities as follows:

	Liability (or Asset)
PERS 1	$ 633,563
PERS 2/3	574,373

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

	Proportionate Share 6/30/16	**Proportionate Share 6/30/17**	**Change in Proportion**
PERS 1	0.013755%	0.013352%	(0.000403%)
PERS 2/3	0.016945%	0.016531%	(0.000414%)

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, 2017, and the actuarial valuation date on which the total pension liability (asset) is based was as of June 30, 2016, with update procedures used to roll forward the total pension liability to the measurement date.

Pension Expense

For the year ended September 30, 2017, the Authority recognized pension expense as follows:

	Pension Expense
PERS 1	$ 30,435
PERS 2/3	66,455
TOTAL	$ 96,890

Deferred Outflows of Resources and Deferred Inflows of Resources

At September 30, 2017, 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	$ -	$ 23,643
Changes of assumptions	$ -	$ -
Changes in proportion and differences between contributions and proportionate share of contributions	$ -	$ -
Contributions subsequent to the measurement date	$ 21,030	$ -
TOTAL	$ 21,030	$ 23,643

PERS 2/3	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 58,198	$ 18,890
Net difference between projected and actual investment earnings on pension plan investments	$ -	$ 153,115
Changes of assumptions	$ 6,101	$ -
Changes in proportion and differences between contributions and proportionate share of contributions	$ (3,061)	$ 31,314
Contributions subsequent to the measurement date	$ 30,070	$ -
TOTAL	$ 91,308	$ 203,319

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
2018	$ (15,981)	$ (70,303)
2019	$ 5,045	$ 7,055
2020	$ (1,172)	$ (17,884)
2021	$ (11,535)	$ (64,998)
2022	$ -	$ 1,760
Thereafter	$ -	$ 2,289
TOTAL	$ (23,643)	$ (142,081)

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-CORRECTION OF ERRORS

In the previously issued financial statements, the Authority reported 2016 pension deferred outflow of resources of $222,933. The previously reported pension deferred outflow balance was calculated incorrectly. The prior period adjustment decreases pension deferred outflow of resources and net position by $1,782. The adjustment is to correct the deferred outflow pension balance that relates to Authority contributions between the plan fiscal year end and the Authority's calendar year end.

In addition, management determined that payment in lieu of taxes (PILOT) accrued in the prior year was not required and utility accrual adjustments made in 2013 were not reversed in the subsequent year. The errors resulted in an increase in the net position by $29,415.

Note 15 – UNUSED LINE OF CREDIT

At September 30, 2017 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 resources. 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, 2017 and the Authority did not draw upon the line of credit during the year ended September 30, 2017.

HOUSING OPPORTUNITIES OF SW WASHINGTON

For the Year Ended September 30, 2017

Schedules of Required Supplementary Information

SCHEDULE OF THE HOUSING AUTHORITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

PERS Pension Plans

Last 10 Fiscal Years*

PERS # 1	2017	2016	2015	2014	2013
Housing Authority's proportion of the net pension liability (asset)	0.013352%	0.013755%	0.014029%	0.013600%	0.012800%
Housing Authority's proportionate share of the net pension liability (asset)	633,563	738,708	733,847	686,467	749,164
Housing Authority's covered payroll	1,636,756	1,638,786	1,562,230	1,524,998	1,365,898
Housing Authority's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	38.71%	45.08%	46.97%	45.01%	54.85%
Plan fiduciary net position as a percentage of the total pension liability	61.24%	57.03%	59.10%	61.19%	

PERS # 2/3	2017	2016	2015	2014	2013
Housing Authority's proportion of the net pension liability (asset)	0.016531%	0.016945%	0.017532%	0.017099%	0.016200%
Housing Authority's proportionate share of the net pension liability (asset)	574,373	853,167	626,428	345,633	692,981
Housing Authority's covered payroll	1,636,756	1,638,786	1,562,230	1,524,998	1,365,898
Housing Authority's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	35.09%	52.06%	40.10%	22.66%	50.73%
Plan fiduciary net position as a percentage of the total pension liability	90.97%	85.82%	89.20%	93.29%	

* The amounts presented for each fiscal year were determined as of the June year-end that occurred within the fiscal year. Until a full 10 year trend is compiled information is presented only for those years for which information is available.

SCHEDULE OF THE HOUSING AUTHORITY CONTRIBUTIONS

Pension Plans

Last 10 Fiscal Years*

PERS # 1	2017	2016	2015	2014	2013
Contractually required contribution	80,730	80,961	65,647	65,892	39,027
Contributions in relation to the contractually required contribution	(80,730)	(80,961)	(65,647)	(65,892)	(39,027)
Contribution deficiency (excess)	-	-	-	-	-
Housing Authority's covered payroll	1,633,272	1,662,116	1,530,151	1,608,135	1,371,296
Contributions as a percentage of covered payroll	4.94%	4.87%	4.29%	4.10%	2.85%

PERS # 2/3	2017	2016	2015	2014	2013
Contractually required contribution	105,134	101,871	80,174	79,322	64,326
Contributions in relation to the contractually required contribution	(105,134)	(101,871)	(80,174)	(79,322)	(64,326)
Contribution deficiency (excess)	-	-	-	-	-
Housing Authority's covered payroll	1,633,272	1,662,116	1,530,151	1,608,135	1,371,296
Contributions as a percentage of covered payroll	6.44%	6.13%	5.24%	4.93%	4.69%

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

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, 2017

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	741,461	-	741,461	3b
10.415		Rural Rental Housing Loans		56-008-977666317-028	1,151,563	-	1,151,563	3a
10.415		Rural Rental Housing Loans		56-008-977666317-030	307,469	-	307,469	3c
10.415		Rural Rental Housing Loans		56-008-977666317-041	837,565	-	837,565	3d
					3,210,283	-	3,210,283	
	Department of Agriculture:							
10.427		Rural Rental Assistance Payments		56-008-977666317-016	130,493	-	130,493	
10.427		Rural Rental Assistance Payments		56-008-977666317-028	227,844	-	227,844	
10.427		Rural Rental Assistance Payments		56-008-977666317-030	42,889	-	42,889	
10.427		Rural Rental Assistance Payments		56-008-977666317-041	110,387	-	110,387	
					511,613	-	511,613	
	Total Department of Agriculture				3,721,896	-	3,721,896	
	Department of Housing & Urban Development:							
14.169		Housing Counseling Assistance Program	Washington Housing Finance Commission		-	6,817	6,817	
14.247		Self-Help Homeownership Opportunity Program	Community Frameworks		15,000	-	15,000	3g
14.228		Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	Cowlitz County	16-62210-020	-	4,342	4,342	
14.239		Home Investment Partnerships Program	Washington Dept of Commerce	13-47101-116	-	113,470	113,470	
14.239		Home Investment Partnerships Program	Washington Dept of Commerce	13-47101-117	-	114,588	114,588	
14.239		Home Investment Partnerships Program	Washington Dept of Commerce	13-47101-118		7,176	7,176	
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	-	1,273,798	1,273,798	3e
14.239		Home Investment Partnerships Program	Longview/Kelso Consortium	TBRA, Activity #157	-	2,384	2,384	
14.239		Home Investment Partnerships Program (Share)	Washington Dept of Commerce		-	41,417	41,417	
		Total Home			-	3,327,833	3,327,833	
14.856		Lower Income Housing Assistance Program_Section 8 Moderate Rehabilitation		WA007MR0001	34,412	-	34,412	
		Subtotal Section 8 Project-Based Cluster			34,412		34,412	
14.871		Section 8 Housing Choice Vouchers		WA007VO	8,659,169	-	8,659,169	
		Subtotal Housing Voucher Cluster-Cluster			8,659,169		8,659,169	
14.896		Family Self-Sufficiency Program Coordinators			79,115	-	79,115	
	Total Department of Housing & Urban Development				8,787,696	3,338,992	12,126,688	
	Department of Veterans Affairs:							
64.024		VA Homeless Providers Grant and Per Diem Program (Veterans Per-Diem)		08-90-WA	315,581	-	315,581	
64.024		VA Homeless Providers Grant and Per Diem Program (HCHV Transitional Housing)		12-16-WA	151,303	-	151,303	
64.024		VA Homeless Providers Grant and Per Diem Program (Supportive Services for Veteran Families)	Metropolitan Development Council	14-300-100	-	468,672	468,672	
	Total Department of Veterans Affairs				466,884	468,672	935,556	
		Total Federal Assistance			$ 12,976,476	$ 3,807,664	$ 16,784,140	

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

HOUSING OPPORTUNITIES OF SW WASHINGTON
Notes to the Schedule of Expenditures of Federal Awards
For the year ended September 30, 2017

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 $8,515,927.

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.

- 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 9/30/2017 balance of the loan is $1,123,320.
- 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 9/30/2017 balance of the loan is $688,446.
- 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 9/30/2017 balance of the loan is $303,037.
- 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 9/30/2017 balance of the loan is $825,492.
- 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 9/30/2017 balance of the loan is $1,234,152.

Continued on Page 55

- 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 9/30/2017 balance of the loan is $1,775,000.
- The Authority was approved by Community Frameworks to receive loans totaling $15,000 for land acquisition to create affordable housing. The 9/30/2017 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: Fiscal Year End: 09/30/2017

	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	14.169 Housing Counseling Assistance Program	14.856 Lower Income Housing Assistance Program_Section 8 Moderate	Subtotal	ELIM	Total
111 Cash - Unrestricted				$167,415	$65,164		$60,121	$37,262	$27,487	$157,003	$0	$13,219	$527,671		$527,671
112 Cash - Restricted - Modernization and Development										$4,432		$0	$4,432		$4,432
113 Cash - Other Restricted				$343,623	$223,695		$163,198		$17,907	$11,536		$22,654	$782,613		$782,613
114 Cash - Tenant Security Deposits				$39,378			$10,722			$33,500		$0	$83,600		$83,600
115 Cash - Restricted for Payment of Current Liabilities					$105,399							$0	$105,399		$105,399
100 Total Cash	$0	$0	$0	$550,416	$394,258	$0	$234,041	$37,262	$45,394	$206,471	$0	$35,873	$1,503,715	$0	$1,503,715
121 Accounts Receivable - PHA Projects												$0			
122 Accounts Receivable - HUD Other Projects	$6,698											$0	$6,698		$6,698
124 Accounts Receivable - Other Government			$4,342	$272				$88,176	$19,598	$41,076		$0	$153,464		$153,464
125 Accounts Receivable - Miscellaneous				$31,889						$32,372		$0	$64,261		$64,261
126 Accounts Receivable - Tenants				$2,494	$26		$3,309			$1,717		$0	$7,546		$7,546
126.1 Allowance for Doubtful Accounts -Tenants				-$220	$0		$0			-$150		$0	-$370		-$370
126.2 Allowance for Doubtful Accounts - Other	$0		$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										$52,985		$0	$52,985		$52,985
120 Total Receivables, Net of Allowances for Doubtful Accounts	$6,698	$0	$4,342	$34,435	$26	$0	$3,309	$88,176	$19,598	$128,000	$0	$0	$284,584	$0	$284,584
131 Investments - Unrestricted												$0			
132 Investments - Restricted												$0			
135 Investments - Restricted for Payment of Current Liability												$0			
142 Prepaid Expenses and Other Assets				$18,487	$25		$11,248	$1,822	$2	$10,286		$0	$41,870		$41,870
143 Inventories				$5,524						$4,319		$0	$9,843		$9,843
143.1 Allowance for Obsolete Inventories				$0						$0		$0	$0		$0
144 Inter Program Due From				$140,113						$231,986		$0	$372,099	-$372,099	$0
145 Assets Held for Sale												$0			
150 Total Current Assets	$6,698	$0	$4,342	$748,975	$394,309	$0	$248,598	$127,260	$64,994	$581,062	$0	$35,873	$2,212,111	-$372,099	$1,840,012
161 Land				$572,737			$308,313			$1,383,936		$0	$2,264,986		$2,264,986
162 Buildings				$5,609,971			$7,100,407			$8,515,137		$0	$21,225,515		$21,225,515
163 Furniture, Equipment & Machinery - Dwellings										$14,301		$0	$14,301		$14,301
164 Furniture, Equipment & Machinery - Administration				$13,805	$28,724		$615,439			$169,273		$0	$827,241		$827,241
165 Leasehold Improvements										$2,716,656		$0	$2,716,656		$2,716,656
166 Accumulated Depreciation				-$2,300,370	-$16,786		-$849,227			-$3,441,240		$0	-$6,607,623		-$6,607,623
167 Construction in Progress			$4,342							$31,998		$0	$36,340		$36,340
168 Infrastructure							$227,935					$0	$227,935		$227,935
160 Total Capital Assets, Net of Accumulated Depreciation	$0	$0	$4,342	$3,896,143	$11,938	$0	$7,402,867	$0	$0	$9,390,061	$0	$0	$20,705,351	$0	$20,705,351
171 Notes, Loans and Mortgages Receivable - Non-Current						$15,000			$185,000	$616,129		$0	$816,129		$816,129
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due												$0			

173 Grants Receivable - Non Current												$0			
174 Other Assets							$55,835					$0	$55,835		$55,835
176 Investments in Joint Ventures										$266,510		$0	$266,510		$266,510
180 Total Non-Current Assets	$0	$0	$4,342	$3,896,143	$11,938	$15,000	$7,458,702	$0	$185,000	$10,272,700	$0	$0	$21,843,825	$0	$21,843,825
200 Deferred Outflow of Resources										$112,338		$0	$112,338		$112,338
290 Total Assets and Deferred Outflow of Resources	$6,698	$0	$8,684	$4,645,118	$406,247	$15,000	$7,707,300	$127,260	$249,994	$10,966,100	$0	$35,873	$24,168,274	-$372,099	$23,796,175
311 Bank Overdraft												$0			
312 Accounts Payable <= 90 Days				$84,012			$23,317			$101,224		$0	$208,553		$208,553
313 Accounts Payable >90 Days Past Due												$0			
321 Accrued Wage/Payroll Taxes Payable	$6,698			$23,828	$37,082			$47,861	$1,768	$85,239		$0	$202,476		$202,476
322 Accrued Compensated Absences - Current Portion			$0	$845	$2,998			$2,329	$26	$6,447		$0	$12,645		$12,645
324 Accrued Contingency Liability												$0			
325 Accrued Interest Payable				$1,805						$28,322		$0	$30,127		$30,127
331 Accounts Payable - HUD PHA Programs												$0			
332 Account Payable - PHA Projects												$0			
333 Accounts Payable - Other Government												$0			
341 Tenant Security Deposits				$39,378			$10,722			$33,500		$0	$83,600		$83,600
342 Unearned Revenue				$13,012			$5,576	$23,664		$8,958		$18,662	$69,872		$69,872
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue				$125,866			$17,028			$502,364		$0	$645,258		$645,258
344 Current Portion of Long-term Debt - Operating Borrowings												$0			
345 Other Current Liabilities					$104,984		$61,878			$538		$0	$167,400		$167,400
346 Accrued Liabilities - Other							$44,067			$404		$0	$44,471		$44,471
347 Inter Program - Due To			$4,342					$30,827	$9,225	$327,705		$0	$372,099	-$372,099	$0
348 Loan Liability - Current												$0			
310 Total Current Liabilities	$6,698	$0	$4,342	$288,746	$145,064	$0	$162,588	$104,681	$11,019	$1,094,701	$0	$18,662	$1,836,501	-$372,099	$1,464,402
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue				$4,277,158		$15,000	$1,645,417			$7,625,774		$0	$13,563,349		$13,563,349
352 Long-term Debt, Net of Current - Operating Borrowings												$0			
353 Non-current Liabilities - Other												$0			
354 Accrued Compensated Absences - Non Current			$0	$3,283	$13,198			$11,424	$500	$31,145		$0	$59,550		$59,550
355 Loan Liability - Non Current												$0			
356 FASB 5 Liabilities												$0			
357 Accrued Pension and OPEB Liabilities										$1,207,936		$0	$1,207,936		$1,207,936
350 Total Non-Current Liabilities	$0	$0	$0	$4,280,441	$13,198	$15,000	$1,645,417	$11,424	$500	$8,864,855	$0	$0	$14,830,835	$0	$14,830,835
300 Total Liabilities	$6,698	$0	$4,342	$4,569,187	$158,262	$15,000	$1,808,005	$116,105	$11,519	$9,959,556	$0	$18,662	$16,667,336	-$372,099	$16,295,237
400 Deferred Inflow of Resources										$226,961		$0	$226,961		$226,961
508.4 Net Investment in Capital Assets	$0	$0	$4,342	-$506,881	$11,938	-$15,000	$5,740,422	$0	$0	$1,261,923		$0	$6,496,744		$6,496,744
511.4 Restricted Net Position	$0	$0		$343,623	$223,695	$0	$163,198	$0	$17,907	$15,968		$22,654	$787,045		$787,045
512.4 Unrestricted Net Position	$0	$0	$0	$239,189	$12,352	$15,000	-$4,325	$11,155	$220,568	-$498,308	$0	-$5,443	-$9,812		-$9,812
513 Total Equity - Net Assets / Position	$0	$0	$4,342	$75,931	$247,985	$0	$5,899,295	$11,155	$238,475	$779,583	$0	$17,211	$7,273,977	$0	$7,273,977
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	$6,698	$0	$8,684	$4,645,118	$406,247	$15,000	$7,707,300	$127,260	$249,994	$10,966,100	$0	$35,873	$24,168,274	-$372,099	$23,796,175

Housing Authority City of Longview (WA007)

Longview, WA

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Sin   Fiscal Year End: 09/30/2017

	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	14.169 Housing Counseling Assistance Program	14.856 Lower Income Housing Assistance Program_Section 8 Moderate	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue				$457,654			$324,432			$858,223		$0	$1,640,309		$1,640,309
70400 Tenant Revenue - Other				$54,349			$14,080			$18,496		$0	$86,925		$86,925
70500 Total Tenant Revenue	$0	$0	$0	$512,003	$0	$0	$338,512	$0	$0	$876,719	$0	$0	$1,727,234	$0	$1,727,234
70600 HUD PHA Operating Grants	$79,115				$8,659,169							$0	$8,738,284		$8,738,284
70610 Capital Grants							$310,457					$34,412	$344,869		$344,869
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	$4,342	$511,613	$0			$935,556	$279,035	$162,649	$6,817	$0	$2,072,237		$2,072,237
71100 Investment Income - Unrestricted				$4,750						$13,282		$0	$18,032		$18,032
71200 Mortgage Interest Income										$2,375		$0	$2,375		$2,375
71300 Proceeds from Disposition of Assets Held for Sale												$0			
71310 Cost of Sale of Assets												$0			
71400 Fraud Recovery					$23,868							$0	$23,868		$23,868
71500 Other Revenue					$335,953		$846	$12		$623,888	$0	$0	$960,699	-$479,979	$480,720
71600 Gain or Loss on Sale of Capital Assets					-$1,854							$0	-$1,854		-$1,854
72000 Investment Income - Restricted				$67						$22		$0	$89		$89
70000 Total Revenue	$79,115	$172,225	$4,342	$1,028,433	$9,017,136	$0	$649,815	$935,568	$279,035	$1,678,935	$6,817	$34,412	$13,885,833	-$479,979	$13,405,854
91100 Administrative Salaries			$145	$16,906	$339,903			$109,448	$7,117	$378,512		$2,118	$854,149		$854,149
91200 Auditing Fees				$2,094	$15,471		$9,490	$1,622	$401	$3,266		$106	$32,450		$32,450
91300 Management Fee			$0	$0	$0		$0	$0	$0	$0		$0	$0	$0	$0
91310 Book-keeping Fee					$0							$0	$0	$0	$0
91400 Advertising and Marketing												$0			
91500 Employee Benefit contributions - Administrative			$62	$6,570	$129,612			$32,761	$2,592	$45,347		$847	$217,791		$217,791
91600 Office Expenses			$43	$25,124	$45,396		$10,813	$59,364	$967	$51,016	$1,821	$258	$194,802		$194,802
91700 Legal Expense				$2,407			$2,408			$841		$0	$5,656		$5,656
91800 Travel			$2	$4,380	$5,071		$168	$15,479	$109	$12,952	$915	$22	$39,098		$39,098
91810 Allocated Overhead												$0			
91900 Other			$179	$106,380	$317,298		$27,179	$101,284	$10,348	$91,115		$1,537	$655,320	-$479,979	$175,341
91000 Total Operating - Administrative	$0	$0	$431	$163,861	$852,751	$0	$50,058	$319,958	$21,534	$583,049	$2,736	$4,888	$1,999,266	-$479,979	$1,519,287
92000 Asset Management Fee												$0			
92100 Tenant Services - Salaries	$55,868				$0			$365,895	$0	$53,733	$2,882	$0	$478,378		$478,378
92200 Relocation Costs												$0			
92300 Employee Benefit Contributions - Tenant Services	$23,247			$6,525	$0			$84,056	$0	$7,127	$1,199	$0	$122,154		$122,154
92400 Tenant Services - Other				$29,692			$29,925	$186,806	$41,339	$21,913		$0	$309,675		$309,675
92500 Total Tenant Services	$79,115	$0	$0	$36,217	$0	$0	$29,925	$636,757	$41,339	$82,773	$4,081	$0	$910,207	$0	$910,207

93100 Water				$40,821			$18,200			$27,014		$0	$86,035		$86,035
93200 Electricity				$29,942			$7,216			$55,796		$0	$92,954		$92,954
93300 Gas										$5,368		$0	$5,368		$5,368
93400 Fuel												$0			
93500 Labor												$0			
93600 Sewer				$76,638			$26,504			$59,275		$0	$162,417		$162,417
93700 Employee Benefit Contributions - Utilities												$0			
93800 Other Utilities Expense				$48,139			$0			$24,701		$0	$72,840		$72,840
93000 Total Utilities	$0	$0	$0	$195,540	$0	$0	$51,920	$0	$0	$172,154	$0	$0	$419,614	$0	$419,614
94100 Ordinary Maintenance and Operations - Labor				$141,516			$43,322			$109,891		$0	$294,729		$294,729
94200 Ordinary Maintenance and Operations - Materials and Other				$30,813			$6,854			$39,103		$0	$76,770		$76,770
94300 Ordinary Maintenance and Operations Contracts				$160,124	$713		$18,703	$311	$18	$136,913		$6	$316,788		$316,788
94500 Employee Benefit Contributions - Ordinary Maintenance				$49,897			$17,857			$18,288		$0	$86,042		$86,042
94000 Total Maintenance	$0	$0	$0	$382,350	$713	$0	$86,736	$311	$18	$304,195	$0	$6	$774,329	$0	$774,329
95100 Protective Services - Labor												$0			
95200 Protective Services - Other Contract Costs				$1,295			$390			$4,016		$0	$5,701		$5,701
95300 Protective Services - Other												$0			
95500 Employee Benefit Contributions - Protective Services												$0			
95000 Total Protective Services	$0	$0	$0	$1,295	$0	$0	$390	$0	$0	$4,016	$0	$0	$5,701	$0	$5,701
96110 Property Insurance				$28,948	$4,806		$12,283	$4,821	$133	$27,701		$38	$78,730		$78,730
96120 Liability Insurance												$0			
96130 Workmen's Compensation												$0			
96140 All Other Insurance												$0			
96100 Total insurance Premiums	$0	$0	$0	$28,948	$4,806	$0	$12,283	$4,821	$133	$27,701	$0	$38	$78,730	$0	$78,730
96200 Other General Expenses					$28,006		$21,449			$17,714		$0	$67,169		$67,169
96210 Compensated Absences												$0			
96300 Payments in Lieu of Taxes												$0			
96400 Bad debt - Tenant Rents				$551						$1,530		$0	$2,081		$2,081
96500 Bad debt - Mortgages												$0			
96600 Bad debt - Other												$0			
96800 Severance Expense												$0			
96000 Total Other General Expenses	$0	$0	$0	$551	$28,006	$0	$21,449	$0	$0	$19,244	$0	$0	$69,250	$0	$69,250
96710 Interest of Mortgage (or Bonds) Payable		$172,225		$55,505			$70,868			$176,539		$0	$475,137		$475,137
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	$55,505	$0	$0	$70,868	$0	$0	$176,539	$0	$0	$475,137	$0	$475,137
96900 Total Operating Expenses	$79,115	$172,225	$431	$864,267	$886,276	$0	$323,629	$961,847	$63,024	$1,369,671	$6,817	$4,932	$4,732,234	-$479,979	$4,252,255
97000 Excess of Operating Revenue over Operating Expenses	$0	$0	$3,911	$164,166	$8,130,860	$0	$326,186	-$26,279	$216,011	$309,264	$0	$29,480	$9,153,599	$0	$9,153,599
97100 Extraordinary Maintenance							$5,004					$0	$5,004		$5,004
97200 Casualty Losses - Non-capitalized				$273				$406		$227		$0	$906		$906
97300 Housing Assistance Payments				$678	$7,697,293				$221,205	$8,348		$28,343	$7,955,867		$7,955,867

97350 HAP Portability-In					$291,822							$0	$291,822		$291,822
97400 Depreciation Expense				$188,985	$5,413		$344,813			$334,584		$0	$873,795		$873,795
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	$79,115	$172,225	$431	$1,054,203	$8,880,804	$0	$673,446	$962,253	$284,229	$1,712,830	$6,817	$33,275	$13,859,628	-$479,979	$13,379,649
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	$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	$0	$0	$3,911	-$25,770	$136,332	$0	-$23,631	-$26,685	-$5,194	-$33,895	$0	$1,137	$26,205	$0	$26,205
11020 Required Annual Debt Principal Payments	$0	$0	$0	$628,621	$0	$0	$17,038	$0	$0	$109,558	$0	$0	$755,217		$755,217
11030 Beginning Equity	$0	$0	-$3,614	$76,744	$113,475	$0	$5,922,926	$37,840	$235,277	$821,399	$0	$16,074	$7,220,121		$7,220,121
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors			$4,045	$24,957	-$1,822				$8,392	-$7,921		$0	$27,651		$27,651
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					$26,112							$0	$26,112		$26,112
11180 Housing Assistance Payments Equity					$221,873							$0	$221,873		$221,873
11190 Unit Months Available				1824	16728		456	288	31	3132		77	22536		22536
11210 Number of Unit Months Leased				1800	16126		445	286	21	3084		58	21820		21820
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			