



**Washington State Auditor's Office**

**Troy Kelley**

**Integrity • Respect • Independence**

**Financial Statements and Federal Single Audit  
Report**

**Housing Authority of Okanogan  
County**

**For the period January 1, 2013 through December 31, 2013**

**Published  
Report No.**





## Washington State Auditor Troy Kelley

Issue Date – (Issued by OS)

Board of Commissioners  
Housing Authority of Okanogan County  
Okanogan, Washington

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

Please find attached our report on the Housing Authority of Okanogan County's financial statements and compliance with federal laws and regulations.

We are issuing this report in order to provide information on the Housing Authority's financial condition.

Sincerely,

TROY KELLEY  
STATE AUDITOR

## Table of Contents

### **Housing Authority of Okanogan County January 1, 2013 through December 31, 2013**

Federal Summary .....	4
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 .....	6
Independent Auditor's Report On Compliance For Each Major Federal Program And On Internal Control Over Compliance In Accordance With OMB Circular A-133.....	8
Independent Auditor's Report On Financial Statements .....	11
Financial Section.....	14
About The State Auditor's Office.....	52

# Federal Summary

## Housing Authority of Okanogan County January 1, 2013 through December 31, 2013

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

### ***FINANCIAL STATEMENTS***

An unmodified opinion was issued on the basic financial statements.

#### ***Internal Control Over Financial Reporting:***

- ***Significant Deficiencies:*** We reported no deficiencies in the design or operation of internal control over financial reporting that we consider to be significant deficiencies.
- ***Material Weaknesses:*** We identified no deficiencies that we consider to be material weaknesses.

We noted no instances of noncompliance that were material to the financial statements of the Housing Authority.

### ***FEDERAL AWARDS***

#### ***Internal Control Over Major Programs:***

- ***Significant Deficiencies:*** We reported no deficiencies in the design or operation of internal control over major federal programs that we consider to be significant deficiencies.
- ***Material Weaknesses:*** We identified no deficiencies that we consider to be material weaknesses.

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

We reported no findings that are required to be disclosed under section 510(a) of OMB Circular A-133.

***Identification of Major Programs:***

The following was a major program during the period under audit:

<u>CFDA No.</u>	<u>Program Title</u>
14.871	Housing Voucher Cluster - Section 8 Housing Choice Vouchers

The dollar threshold used to distinguish between Type A and Type B programs, as prescribed by OMB Circular A-133, was \$300,000.

The Housing Authority qualified as a low-risk auditee under OMB Circular A-133.

# **Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards***

## **Housing Authority of Okanogan County January 1, 2013 through December 31, 2013**

Board of Commissioners  
Housing Authority of Okanogan County  
Okanogan, Washington

We have audited, 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, the financial statements of the Housing Authority of Okanogan County, Washington, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Housing Authority's basic financial statements, and have issued our report thereon dated September 10, 2014.

### ***INTERNAL CONTROL OVER FINANCIAL REPORTING***

In planning and performing our audit of the financial statements, we considered the Housing 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 Housing Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Housing 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 Housing 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 material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## ***COMPLIANCE AND OTHER MATTERS***

As part of obtaining reasonable assurance about whether the Housing Authority's financial statements are free from material misstatement, we performed tests of the Housing Authority's compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## ***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 Housing 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 Housing Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.



**TROY KELLEY**  
STATE AUDITOR

September 10, 2014

# **Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control over Compliance in Accordance with OMB Circular A-133**

**Housing Authority of Okanogan County  
January 1, 2013 through December 31, 2013**

Board of Commissioners  
Housing Authority of Okanogan County  
Okanogan, Washington

## ***REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM***

We have audited the compliance of the Housing Authority of Okanogan County, Washington, with the types of compliance requirements described in the U.S. *Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2013. The Housing Authority's major federal programs are identified in the accompanying Federal Summary.

### ***Management's Responsibility***

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

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the Housing Authority's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Housing Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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



### ***Opinion on Each Major Federal Program***

In our opinion, the Housing 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 December 31, 2013.

### ***REPORT ON INTERNAL CONTROL OVER COMPLIANCE***

Management of the Housing 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 Housing Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program in order 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 OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Housing 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.

### ***PURPOSE OF THIS REPORT***

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

also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

A handwritten signature in cursive script that reads "Troy X. Kelley".

**TROY KELLEY**  
STATE AUDITOR

September 10, 2014

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

## **Housing Authority of Okanogan County January 1, 2013 through December 31, 2013**

Board of Commissioners  
Housing Authority of Okanogan County  
Okanogan, Washington

### ***REPORT ON THE FINANCIAL STATEMENTS***

We have audited the accompanying financial statements of the Housing Authority of Okanogan County, Washington, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Housing Authority's basic financial statements as listed on page 14.

#### ***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.

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 Housing 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 Housing 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 Housing Authority of Okanogan County, as of December 31, 2013, and the changes in financial position and 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***

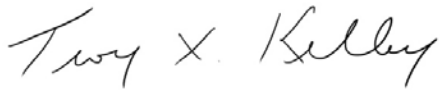
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 15 through 22 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of 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 supplementary 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.

#### ***Supplementary and Other Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Housing Authority's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. The accompanying Financial Data Schedule is supplementary information required by HUD. These schedules are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

## ***OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 10, 2014 on our consideration of the Housing Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Housing Authority's internal control over financial reporting and compliance.



**TROY KELLEY**  
STATE AUDITOR

September 10, 2014

## **Financial Section**

### **Housing Authority of Okanogan County January 1, 2013 through December 31, 2013**

#### ***REQUIRED SUPPLEMENTARY INFORMATION***

Management's Discussion and Analysis – 2013

#### ***BASIC FINANCIAL STATEMENTS***

Statement of Net Position – 2013

Statement of Revenues, Expenses and Changes in Net Position – 2013

Statement of Cash Flows – 2013

Notes to Financial Statements – 2013

#### ***SUPPLEMENTARY AND OTHER INFORMATION***

Schedule of Expenditures of Federal Awards – 2013

Notes to the Schedule of Expenditures of Federal Awards – 2013

Financial Data Schedules – 2013

# Housing Authority of Okanogan County

## Management's Discussion and Analysis

December 31, 2013

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This narrative overview and analysis of the Housing Authority of Okanogan County's (HAOC) performance through December 31, 2013 is provided as a supplement to HAOC's year-end financial statements. Please read it in conjunction with the basic financial statements following this section, and the notes to the basic financial statements. The management's discussion and analysis is presented in conformance with the Government Accounting Standards Board (GASB) financial reporting model as set forth in GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, as amended by GASB Statement No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus*.

As required under U.S. generally accepted accounting principles, HAOC uses the accrual basis of accounting to prepare its basic financial statements. Under this basis of accounting, revenues are recognized in the period in which they are earned and expenses, including depreciation, are recognized in the period in which they are incurred. All assets and liabilities associated with the operations of HAOC are included in the statements of net position.

### FINANCIAL HIGHLIGHTS

- Net position of HAOC decreased by approximately \$98 thousand from 2012 to 2013. This is a result of expenses exceeding revenues by this amount.
- As of December 31, 2013, the assets of HAOC exceeded liabilities by approximately \$211 thousand (net position). Of this amount, \$448 thousand is restricted as to its allowable usage.
- Current and noncurrent liabilities decreased by approximately \$23 thousand (1%) from 2012. The changes are due to fluctuations in the timing of due dates and subsequent payments of liabilities.
- Operating revenues decreased by approximately \$70 thousand (6%) in comparison to prior year primarily due to decreases in federal funding (intergovernmental revenue).
- Nonoperating revenues, net of nonoperating expenses decreased by approximately \$65 thousand (10%) from 2012, primarily related to a decrease in federal funding.

### OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to HAOC's basic financial statements. HAOC's basic financial statements are comprised of two components: 1) the basic financial statements and 2) notes to the basic financial statements that provide additional disclosure of some of the information in the basic financial statements.

# Housing Authority of Okanogan County

## Management's Discussion and Analysis

December 31, 2013

The **Statement of Net Position** presents information on HAOC's assets and liabilities with the difference between the two reported as net position. Assets and liabilities are presented in the order of liquidity and are classified as "current" (convertible to cash within one year) and "noncurrent". Over time, increases or decreases in net position may serve as useful indicators as to whether HAOC's financial health is improving or deteriorating.

The **Statement of Revenues, Expenses, and Changes in Net Position** presents information showing how HAOC's net position changed during the year. All changes in Net Position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Therefore, revenues and expenses are reported for some items that will only result in cash flows in future years.

The **Statement of Cash Flows** reports how HAOC's cash and cash equivalents were used and provided by its operating, noncapital financing, capital and related financing, and investing activities during the periods reported. The net of these activities is added to the beginning year cash balance to reconcile to the cash and cash equivalents balances at December 31, 2013 and 2012. HAOC uses the direct method of presenting cash flows, which includes a reconciliation of operating activities to operating loss. This statement provides answers to such questions as where did cash come from, how was cash used, and what was the change in the cash balance during the year.

**Notes to the Basic Financial Statements** provide financial statement disclosures that are an integral part of the basic financial statements. Such disclosures are essential to a comprehensive understanding of the information provided in the basic financial statements.

### FINANCIAL ANALYSIS

#### Net Position

The following table represents the condensed Statement of Net Position compared to the prior year:

	December 31, 2013	December 31, 2012
Current assets, unrestricted	\$ 258,392	\$ 361,683
Other current assets, restricted	468,814	410,628
Capital assets, net	2,023,799	2,099,887
Total assets	<u>\$ 2,751,005</u>	<u>\$ 2,872,198</u>
Current and other liabilities	\$ 43,662	\$ 49,380
Current liabilities payable from restricted assets	22,511	20,373
Long-term liabilities	2,473,934	2,493,512
Total liabilities	<u>2,540,107</u>	<u>2,563,265</u>
Net position		
Invested in capital assets, net of related debt	(466,038)	(408,996)
Restricted	448,186	388,503
Unrestricted	228,750	329,426
Total net position	<u>210,898</u>	<u>308,933</u>
Total liabilities and net position	<u>\$ 2,751,005</u>	<u>\$ 2,872,198</u>

Total assets of HAOC at December 31, 2013 and 2012 amounted to \$2,751,005 and \$2,872,198, respectively.

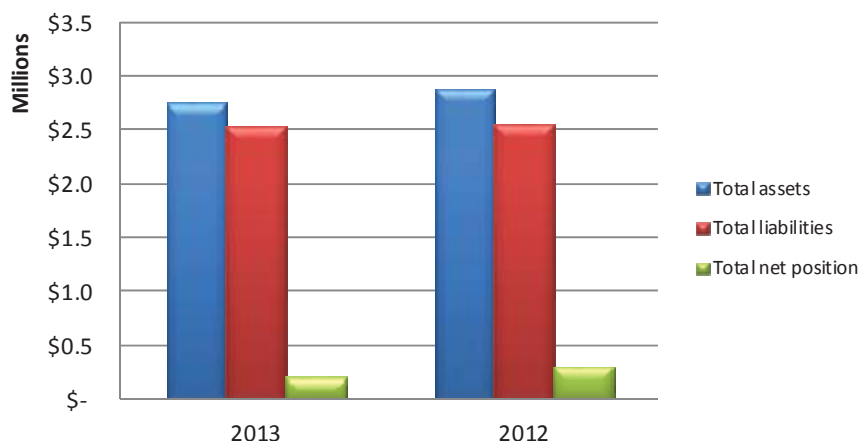


**Housing Authority of Okanogan County**  
**Management's Discussion and Analysis**  
**December 31, 2013**

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The following presents the Statement of Net Position in graphical form:

**Statements of Net Position**



Unrestricted current assets are comprised of cash and cash equivalents, receivables, investments, and prepaid items. Unrestricted current assets are approximately 29% lower at December 31, 2013 than December 31, 2012, which represents a decrease of approximately \$103 thousand. This decrease in current assets corresponds with the decrease in investments and receivables of \$114 and \$35 thousand, respectively, which is offset by an increase in unrestricted cash of approximately \$48 thousand.

Restricted current assets are comprised of cash and investments that are restricted for repayment of security deposits and other contractual obligations related to federal funding that was unspent at the end of the year. In 2013 restricted current assets increased by approximately \$58 thousand. This increase relates to a decrease in federal vouchers issued, due to decreased federal allocations, and an increase in local funds, which was generated by county recording fees for the development and construction of new housing.

Capital assets include land, buildings, furniture, equipment and machinery, and construction in progress and are shown net of accumulated depreciation. Capital assets decreased by approximately 4%, approximately \$76 thousand. The decrease is primarily attributed to approximately \$118 thousand of depreciation.

Total liabilities of HAOC, which are segregated between current and noncurrent portions, amounted to \$2,542,004 and \$2,563,265 at December 31, 2013 and 2012, respectively.

Current and other liabilities consist of accounts payable, accrued wages and payroll taxes, compensated absences, accrued interest, and current portion of notes payable. Current liabilities decreased approximately \$6 thousand, a 12% decrease. The fluctuations are primarily a result of the timing of payments to vendors.

Current liabilities payable from restricted assets primarily consist of tenant security deposits and restricted, unspent funds from the federal government. These liabilities reflected an increase from 2012 to 2013 of approximately \$2 thousand, a 10% increase. These fluctuations are attributed to the timing of the receipt and subsequent disbursement of federal funds.

Long-term liabilities consist of notes payable and the long-term portion of compensated absences. Decreases in long-term liabilities were approximately \$19 thousand from 2012 to 2013, and are attributed to repayments of long-term debt.

# Housing Authority of Okanogan County

## Management's Discussion and Analysis

December 31, 2013

Net Position represents the equity of HAOC after liabilities are subtracted from assets. Net Position is divided into three major categories. The first category, invested in capital assets, net of related debt, shows HAOC's equity in land, buildings, furniture, equipment and machinery, and construction in progress, net of related outstanding debt. The second category, restricted Net Position, has external limitations on the way in which these assets can be used. The last category, unrestricted net position, is available to be used for any lawful and prudent HAOC purpose.

Total net position of HAOC decreased by approximately \$98 thousand from 2012 to 2013.

HAOC's current ratio reflects the relationship between current assets and current liabilities and is a measure of HAOC's ability to pay short-term obligations. At December 31, 2013 and 2012, HAOC's current ratio was 11:1 in both years.

### ***Revenues, Expenses and Changes in Net position***

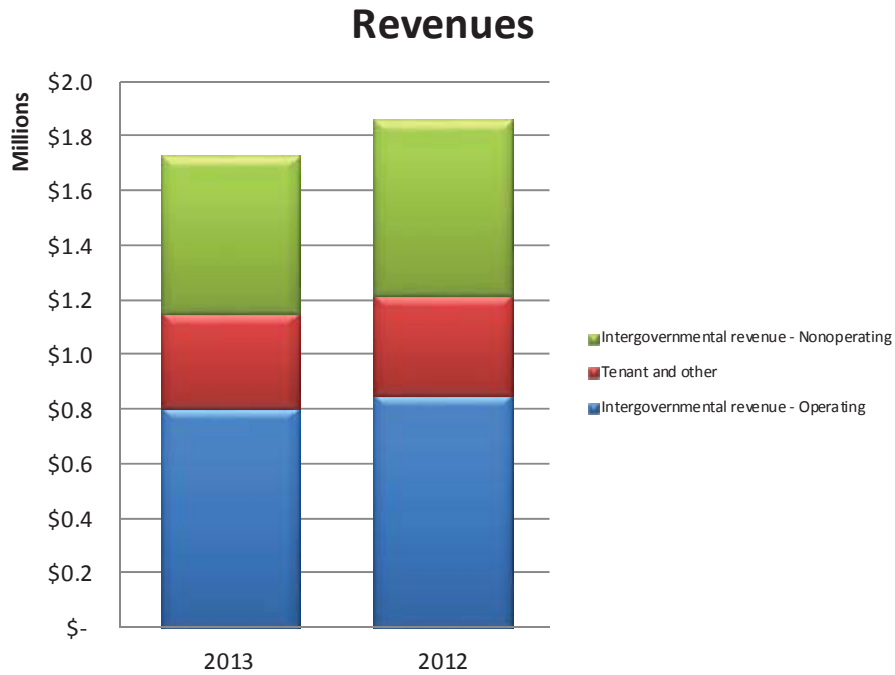
The following table compares the revenues and expenses for the current and previous fiscal years:

	Years Ended	
	December 31, 2013	December 31, 2012
Revenue:		
Intergovernmental revenue - Operating	\$ 806,928	\$ 855,144
Tenant and other	345,909	367,716
Intergovernmental revenue - Nonoperating	580,689	645,195
Investment revenue	493	773
Total revenue	<u>1,734,019</u>	<u>1,868,828</u>
Expenses:		
Administration	288,327	253,874
Utilities	66,743	62,564
Ordinary maintenance and operation	72,669	85,511
General expenses	11,640	15,670
Housing assistance payments	1,244,385	1,327,576
Depreciation	117,544	117,113
Interest expense	30,746	36,755
Total expenses	<u>1,832,054</u>	<u>1,899,063</u>
Decrease in net position	(98,035)	(30,235)
Net position, beginning of year	<u>308,933</u>	<u>339,168</u>
Net position end of year	<u>\$ 210,898</u>	<u>\$ 308,933</u>

**Housing Authority of Okanogan County**  
**Management's Discussion and Analysis**  
**December 31, 2013**

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The following compares the revenues for the current and previous years in graphical format:



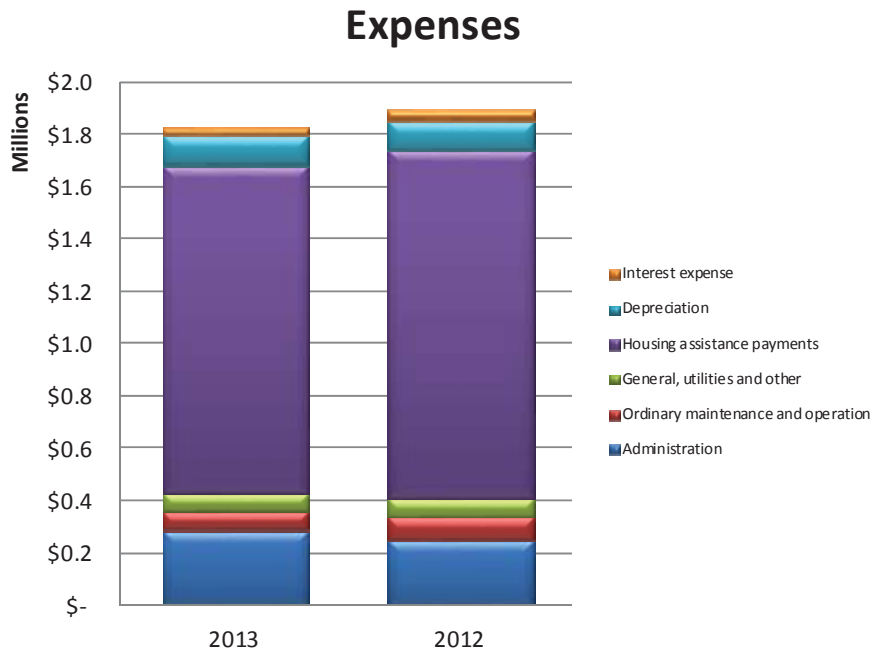
In 2013 revenues decreased by 7% due to decreases in both operating and non-operating intergovernmental revenues.

# Housing Authority of Okanogan County

## Management's Discussion and Analysis

### December 31, 2013

The following compares the expenses for the current and previous years in graphical format:



Total expenses decreased by 4% from 2012 to 2013.

Administrative expenses increased by approximately 14% (approximately \$34 thousand) in 2013. Utilities increased by approximately 7% (approximately \$4 thousand) in 2013 compared to 2012. Ordinary maintenance and operation expenses decreased by approximately 15% (approximately \$13 thousand) in 2013 compared to 2012. Housing assistance payments decreased by approximately 6% (approximately \$83 thousand). The overall changes were attributed to fluctuations in costs of doing business.

### Capital Assets and Debt Administration

HAOC's capital assets are summarized in the table below:

	December 31, 2013	December 31, 2012
Land	\$ 201,463	\$ 201,463
Buildings	1,644,234	1,644,234
Furniture, equipment & machinery - dwellings	64,997	64,997
Furniture, equipment & machinery - administration	23,016	23,016
Leasehold improvements	1,080,847	1,039,391
Total capital assets	3,014,557	2,973,101
Less accumulated depreciation	(990,758)	(873,214)
Net capital assets	\$ 2,023,799	\$ 2,099,887

# Housing Authority of Okanogan County

## Management's Discussion and Analysis

### December 31, 2013

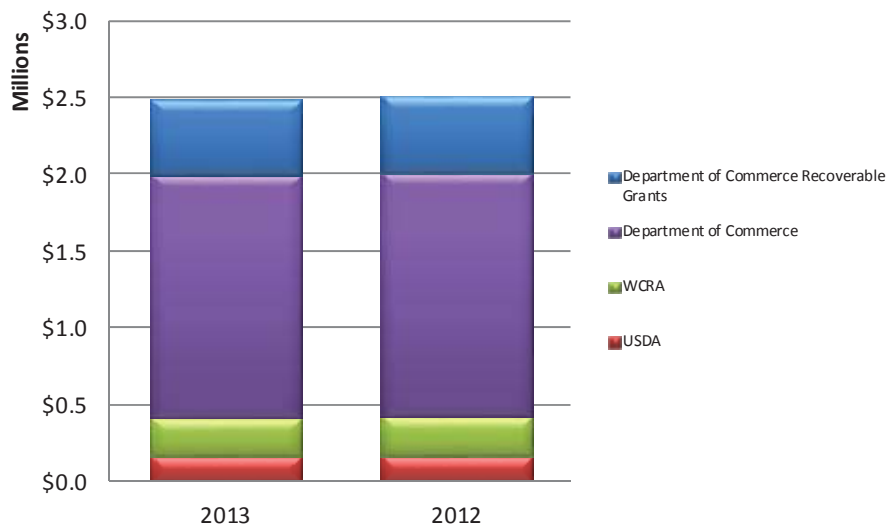
Capital assets increased by approximately \$41 thousand from 2012 to 2013. In 2013, approximately \$118 thousand of depreciation expense was recognized, resulting in a decrease in net capital assets of approximately 4%, or approximately \$76 thousand.

Additional information on HAOC's capital assets can be found in Note 5 to the basic financial statements.

HAOC's outstanding long-term debt is summarized in the table and graph below:

	December 31, 2013	December 31, 2012
<b>Real Estate Mortgages:</b>		
U.S. Department of Agriculture - Twisp Gardens	\$ 174,229	\$ 175,231
Washington Community Reinvestment Associates:		
Caribou Trail	250,120	259,504
Department of Commerce - Caribou Trail	480,000	485,000
Department of Commerce - Twisp Gardens	131,130	134,790
Department of Commerce - IronStraw Farmworker	967,836	967,836
Department of Commerce - Recoverable Grant:		
Twisp Gardens	467,799	467,799
IronStraw Farmworker	18,723	18,723
	<u>\$ 2,489,837</u>	<u>\$ 2,508,883</u>

### Long-term Debt



All debt service payments were made in 2013 as scheduled. Additional information on HAOC's long-term debt can be found in Note 6 to the basic financial statements.

# Housing Authority of Okanogan County

## Management's Discussion and Analysis

December 31, 2013

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### ECONOMIC FACTORS AFFECTING HAOC'S FUTURE

The majority of HAOC's funding is from federal agencies in the form of rental assistance programs. Housing authorities across the country continue to be impacted by continued decline in federal support for housing. Based on HUD's funding letters and contracts, it is anticipated that most HUD programs will continue to receive renewal funding including the Housing Choice and Mainstream Voucher programs, which are HAOC's largest housing program, serving over 240 families.

### REQUESTS FOR INFORMATION

This financial report is designed to provide the reader with a general overview of HAOC's finances and to demonstrate HAOC's financial accountability over its resources. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Chris Scott  
Executive Director

*Phone:*  
409-422-3721

*Address:*  
PO Box 1306  
Okanogan, Washington 98840

**Housing Authority of Okanogan County**  
**Statement of Net Position**  
**December 31, 2013**

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**Assets**

*Current Assets:*

Cash - unrestricted	\$ 239,221
Receivables - tenants, net of allowance	12,750
Receivables - other, net of allowance	6,381
Prepaid expenses and other assets	40
	<u>258,392</u>

*Restricted Current Assets:*

Cash - other restricted	317,033
Cash - tenant security deposits	20,345
Investments - restricted	131,436
	<u>468,814</u>
Total current assets	<u>727,206</u>

*Noncurrent Assets:*

Capital assets:

Land	201,463
Buildings	1,644,234
Furniture, equipment and machinery - dwellings	64,997
Furniture, equipment and machinery - administration	23,016
Leasehold improvements	1,080,847
Accumulated depreciation	(990,758)
Total noncurrent assets	<u>2,023,799</u>
Total assets	<u>\$ 2,751,005</u>

The accompanying notes are an integral part of this financial statement.

# Housing Authority of Okanogan County

## Statement of Net Position

### December 31, 2013

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#### *Liabilities and Net Position*

##### *Current Liabilities:*

Accounts payable	\$ 8,866
Accrued wages and payroll taxes payable	6,358
Accrued compensated absences - current portion	8,304
Accrued interest payable	263
Current portion of long term debt - capital projects mortgage revenue bonds	19,871
	<u>43,662</u>

##### *Payables from Restricted Assets*

Accounts payable - other government	39
Tenant security deposits	22,472
	<u>22,511</u>
Total current liabilities	<u>66,173</u>

##### *Noncurrent Liabilities:*

Long-term debt, net of current - capital projects mortgage revenue bonds	2,469,966
Accrued compensated absences, net of current	3,968
Total noncurrent liabilities	<u>2,473,934</u>
Total liabilities	<u>2,540,107</u>

##### *Net Position:*

Invested in capital assets, net of related debt	(466,038)
Temporarily restricted net position	448,186
Unrestricted net position	228,750
Total net position	<u>210,898</u>
Total liabilities and net position	<u>\$ 2,751,005</u>

The accompanying notes are an integral part of this financial statement.



# Housing Authority of Okanogan County

## Statements of Revenues, Expenses and Changes in Net position

### Year Ended December 31, 2013

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*Operating Revenue:*

Intergovernmental revenue	\$ 806,928
Net tenant rental revenue	241,501
Other revenue	96,671
Other tenant revenue	<u>7,737</u>
Total operating revenue	<u>1,152,837</u>

*Operating Expenses:*

Administrative:

Administrative wages	178,127
Auditing fees	15,754
Employee benefit contributions	9,515
Outside management fees	26,216
Other operating - administrative	44,942
Tenant services	<u>13,773</u>
	<u>288,327</u>

Utilities:

Electricity	7,072
Other utilities expense	10,356
Sewer	9,294
Water	<u>40,021</u>
	<u>66,743</u>

Ordinary maintenance and operations:

Contract costs	18,901
Maintenance and operations wages	29,233
Materials and other	<u>24,535</u>
	<u>72,669</u>

General expenses:

Depreciation expense	117,544
Housing assistance payments	1,244,385
Insurance premiums	7,454
Other general expenses	<u>4,186</u>
	<u>1,373,569</u>

Total operating expenses	<u>1,801,308</u>
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<i>Operating Loss</i>	\$ (648,471)
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The accompanying notes are an integral part of this financial statement.

**Housing Authority of Okanogan County**  
**Statements of Revenues, Expenses and Changes in Net position**  
**Year Ended December 31, 2013**

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<i>Operating Loss</i>	<u>\$ (648,471)</u>
<i>Nonoperating Revenue (Expenses):</i>	
Interest expense	(30,746)
Intergovernmental revenue	580,689
Investment revenue - restricted	391
Investment revenue - unrestricted	<u>102</u>
Total nonoperating revenue (expenses)	<u>550,436</u>
<i>Total Change in Net Position</i>	(98,035)
<i>Net Position, Beginning of Year</i>	<u>308,933</u>
<i>Net Position, End of Year</i>	<u><u>\$ 210,898</u></u>

The accompanying notes are an integral part of this financial statement.

# Housing Authority of Okanogan County

## Statement of Cash Flows

### Year Ended December 31, 2013

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***Increase (Decrease) in Cash and Cash Equivalents:***

*Cash Flows from Operating Activities:*

Receipts from tenants and others	\$ 378,208
Housing assistance receipts	806,928
Payments to employees	(207,360)
Payments to vendors and suppliers	<u>(1,475,188)</u>
Net cash used in operating activities	<u>(497,412)</u>

*Cash Flows from Noncapital Financing Activities:*

Intergovernmental grants and contracts	<u>580,689</u>
Net cash provided by noncapital financing activities	<u>580,689</u>

*Cash Flows from Capital and Related Financing Activities:*

Purchase of capital assets	(41,456)
Principal payments on long-term debt	(19,046)
Interest paid	<u>(30,746)</u>
Net cash used in capital and related financing activities	<u>(91,248)</u>

*Cash Flows from Investing Activities:*

Interest received	<u>493</u>
Net cash provided by investing activities	<u>493</u>

<i>Net Decrease in Cash and Cash Equivalents</i>	<i>(7,478)</i>
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<i>Cash and Cash Equivalents, Beginning of Year</i>	<i><u>715,513</u></i>
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<i>Cash and Cash Equivalents, End of Year</i>	<i><u>\$ 708,035</u></i>
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*Cash and Cash Equivalents consist of:*

Cash - unrestricted	\$ 239,221
Cash - restricted	317,033
Tenant security deposits	20,345
Investments - restricted	<u>131,436</u>
	<u>\$ 708,035</u>

The accompanying notes are an integral part of this financial statement.

# Housing Authority of Okanogan County

## Statement of Cash Flows

### December 31, 2013

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***Reconciliation of Operating Loss to Net Cash used in Operating Activities:***

Operating loss	<u>\$ (648,471)</u>
<i>Adjustments to Reconcile Operating Loss to Net Cash used in Operating Activities:</i>	
Depreciation	117,544
<i>Increase (decrease) in cash due to changes in assets and liabilities:</i>	
Receivables	32,299
Prepaid expenses	537
Other assets	4,791
Accounts payable	(10,481)
Accrued wages and taxes payable	5,326
Accrued liabilities - other	(995)
Deferred revenue	(393)
Accounts payable - other governmental	39
Tenant security deposits	2,099
Compensated absences	<u>293</u>
Net adjustments	<u>151,059</u>
<i>Net Cash used in Operating Activities</i>	<u><u>\$ (497,412)</u></u>

The accompanying notes are an integral part of this financial statement.

# Housing Authority of Okanogan County

## Notes to Basic Financial Statements

December 31, 2013

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### **NOTE 1 — ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

#### *Organization:*

The Housing Authority of Okanogan County (HAOC) was formed to provide safe, decent, and sanitary housing for low- and moderate-income residents of Okanogan County. HAOC administers multiple U.S. Department of Housing and Urban Development (HUD) and U.S. Department of Agriculture programs, the funding from which consists of approximately 80% of total revenue, and funds many of the key services provided by HAOC.

HAOC administers the U.S. Department of Housing and Urban Development (HUD) Section 8 Housing Choice Voucher (HCV) Program and HUD's 5-Year MainStream Housing Opportunities for Persons with Disabilities (MS) Program. HUD provides a contracted number of Housing Assistance Vouchers to HAOC for each program, which is used to provide rental payments to landlords for a specified number and type of housing units for low-income families.

HAOC administers the HOME Tenant Based Rental Assistance (TBRA) Program for the State of Washington, Department of Commerce. This Program was awarded to HAOC in November 2002; and the first draw was taken in January 2004. The TBRA Program is used to provide rental payments to landlords for a specified number and type of housing units for low-income homeless tenants.

HAOC administers USDA Rural Development rental assistance subsidy for the Twisp Gardens Apartments, a 17-unit Elderly/Disabled apartment complex for low-income families owned and managed by HAOC.

HAOC receives funds from Okanogan County recording fees for project based rental assistance to assist up to 10 homeless families in leasing at the Caribou Trail Apartments. This amount varies from year to year depending on available funding.

HAOC owns the following properties: 1) Caribou Trail Apartments, a 24-unit multifamily apartment complex housing low to moderate-income families; 2) Twisp Gardens Apartments, a 17-unit Elderly/Disabled apartment complex for low-income families with 16 USDA Rural Development subsidized units; 3) IronStraw Farmworker Housing, a 6-unit apartment complex housing low-income seasonal agricultural workers and their families; 4) Land in Omak.

#### *Reporting entity:*

HAOC is a municipal corporation governed by a six-member board appointed by the Okanogan County Board of Commissioners. As required by generally accepted accounting principles, management has considered all potential component units in defining the reporting entity. HAOC currently has no component units. HAOC is a legally separate agency from Okanogan County. The County does not have the ability to affect the operations of HAOC, nor does HAOC provide a financial benefit to, or impose a financial burden on Okanogan County.

#### *Basis of Accounting:*

The accounts of HAOC are reported as an enterprise fund. Enterprise funds are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Revenue is recognized when earned and expenses are recorded when incurred. Capital asset purchases are capitalized and long-term liabilities are recorded as a liability of OHAC.

All assets and liabilities associated with the operations of HAOC are included on the statement of net position. It is HAOC's policy to utilize the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. HAOC has elected not to follow subsequent private-sector guidance issued after November 30, 1989.

#### *Summary of Significant Accounting Policies:*

The basic financial statements of HAOC have been prepared in conformity with *Accounting Principles Generally Accepted in the U.S. of America* (GAAP). Following is a summary of the more significant accounting policies of HAOC.

# Housing Authority of Okanogan County

## Notes to Basic Financial Statements

December 31, 2013

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### **NOTE 1 — ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):**

*Budgeting*- HAOC follows the same method of accounting for their budget as they utilize for financial reporting.

*Cash and cash equivalents* — HAOC's cash and cash equivalents include cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. As required by HUD, all of the bank balance amounts are fully insured by the Federal Government or covered by collateral under the terms of a Depository Agreement executed between HAOC and the financial institution.

*Restricted Funds* — HAOC receives security deposits when tenants move into their units. These deposits are segregated in a depository account and are considered a liability of HAOC. Restricted funds also include required reserves and funds received in advance that are restricted for a specific or future purpose. HAOC currently has restricted funds from both the U.S. Department of Agriculture Rural Development (USDA RD) and HUD. USDA RD has established a reserve for HAOC capital improvements, which can only be utilized upon USDA RD approval. In addition, HAP funds are restricted for payments to landlords on behalf of the program recipients. Any additional grant revenues that have been advanced to HAOC, but not yet expended are classified as restricted. HAOC also has restricted funds related to financing and reserve requirements.

Assets and liabilities shown as current in the accompanying statement of net position (or balance sheet) exclude current maturities on revenue bonds and accrued interest thereon because debt service accounts are provided for their payment.

*Accounts receivable* — HAOC recognizes receivables when they are earned and records an allowance for doubtful accounts based upon management's estimate of collectability.

*Capital Assets* — Major expenditures 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.

Capital assets are defined by HAOC as assets with an initial individual cost of more than \$2,000 and estimated useful life in excess of one year. Capital assets are recorded at cost (where historical cost is known). Where historical cost is not known, assets are recorded at their estimated fair value. Donations are recorded at fair market value at the time of donation or the appraised value.

GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*, establishes accounting and financial reporting standards for impairment of capital assets. A capital asset is considered impaired when its future service utility has declined significantly and unexpectedly. HAOC is required to evaluate prominent events or changes in circumstances affecting capital assets to determine whether impairment of a capital asset has occurred. No such events or circumstances were encountered as of December 31, 2013 or 2012.

Depreciation is computed on the straight-line method over the estimated useful lives of the related assets. Upon disposal of such assets, the accounts are relieved of the related costs and accumulated depreciation, and resulting gains or losses are reflected in income.

The estimated useful lives are as follows:

Buildings	25 – 40 years
Improvements	7 – 40 years
Machinery/equipment	3 – 10 years
Furniture/equipment	3 – 7 years

*Deferred Inflows of Resources* — Deferred inflows of resources represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. HAOC's deferred inflows of resources are typically grant funds that have been drawn down or funds advanced and have not yet been expended. HAOC had no deferred inflows of resources as of December 31, 2013.

# Housing Authority of Okanogan County

## Notes to Basic Financial Statements

December 31, 2013

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### **NOTE 1 — ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):**

*Compensated Absences* — HAOC recognizes an expense for all earned but unused vacation leave. Compensated Absences reflect all vacation, sick and holiday wages for which employees have been paid in the fiscal year. HAOC records paid leave for compensated absences as an expense when incurred.

Accrued Compensated Absences is the dollar value of vacation hours earned but not used through the end of each calendar year. Vacation hours earned may be accumulated up to 240 hours and are payable upon termination of employment unless termination is for misconduct or employment is less than six consecutive months. Sick leave may accumulate up to 480 hours, however it is not included in Accrued Compensated Absences because it is not paid out upon resignation; any outstanding sick leave is lost.

*Revenue and expenses* — HAOC's statement of revenues, expenses, and changes in net position distinguish between operating and nonoperating revenue and expenses. Operating revenue results from exchange transactions associated with providing housing and related services, and federal operating subsidies and housing assistance payments that are directly related to HAOC's mission. Nonoperating revenue includes capital and noncapital federal grants, interest revenue, and other revenue not meeting the definition of operating. Operating expenses consist of all expenses incurred to provide housing services. Nonoperating expenses include interest expense and other expenses not meeting the definition of operating.

*Subsequent events* — Subsequent events have been evaluated through February 28, 2014, which is the date the financial statements were available to be issued. No events occurred that required further disclosure.

*Tax status* — HAOC, as a governmental entity, is not subject to federal or state income taxes.

*Use of estimates* — The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

### **NOTE 2 — STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:**

In the opinion of management, there have been no material violations of finance-related legal or contractual provisions, and there have been no expenditures exceeding legal appropriations in any of the funds of HAOC.

### **NOTE 3 — DEPOSITS:**

Deposits, including those in restricted assets, are defined as cash or cash equivalents on deposit with financial institutions. At December 31, 2013, the carrying amount of HAOC's cash accounts deposited with financial institutions was \$576,599 and the bank balance was \$606,588. HAOC's deposits and certificates of deposit are entirely covered by federal depository insurance (FDIC). HAOC has on file form HUD-51999, General Depository Agreement with Bank of America.

Cash and cash equivalents consist of the following at December 31, 2013:

Cash and cash equivalents - unrestricted	\$ 239,221
Cash and cash equivalents - current restricted	337,378
Total cash and cash equivalents	576,599
Less: cash on hand	(150)
Total deposits	<u>\$ 576,449</u>

# Housing Authority of Okanogan County

## Notes to Basic Financial Statements

December 31, 2013

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### **NOTE 3 — INVESTMENTS:**

HAOC's investment practice is to follow all HUD guidelines with regard to depository accounts. As a result, HAOC restricts its investments to direct obligations of the U.S. government, fully insured or collateralized investments at commercial banks and savings and loan associations, collateralized repurchase agreements, state-approved investment pools, or money market funds consisting entirely of U.S. government securities. All investments are reported at fair market value, which is obtained from quoted market prices of the exact same investments trading in public markets.

As of December 31, 2013, HAOC has no long-term investments. HAOC maintains a reserve escrow account with Washington Community Reinvestment Association (WCRA) for the Caribou Trail Apartments. This account includes an original deposit for project improvements that has not been completely drawn down and is included in Restricted Cash – Caribou Trails on the statement of net position.

**Custodial Credit Risk** – Custodial credit risk is the risk that in the event of bank failure, HAOC's deposits may not be returned. HAOC follows HUD policies, which requires collateral for all deposits not covered by federal depository insurance. At December 31, 2013, none of HAOC's deposits and investments were exposed to custodial credit risk.

**Concentration of Credit Risk**– Concentration of credit risk is the risk of loss that may occur due to the amount of investments in a single issuer (not including investments issued or guaranteed by the U.S. government). Since HAOC follows HUD policies, and all held investments are in investments issued or guaranteed by the U.S. government, there is no concentration of credit risk.

Credit risk of investments is the risk that the issuer or other counterparty will not meet its obligations. This credit risk is measured by the credit quality rating of investments in debt securities as rated by a nationally recognized rating agency.

**Concentration of Interest Rate Risk** – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment.

### **NOTE 4 — RECEIVABLES:**

Receivables at December 31, 2013 consist of the following:

Tenants	\$ 12,750
Intergovernmental	<u>6,381</u>
	<u>\$ 19,131</u>



# Housing Authority of Okanogan County

## Notes to Basic Financial Statements

December 31, 2013

### NOTE 5 — CAPITAL ASSETS:

Changes in capital assets during the year ended December 31, 2013 are shown below:

	January 1, 2013	Additions	Transfer/ retirements	December 31, 2013
Capital assets not depreciated:				
Land	\$ 201,463	\$ -	\$ -	\$ 201,463
Construction in progress	-	-	-	-
Total capital assets not depreciated	201,463	-	-	201,463
Capital assets being depreciated:				
Buildings	1,644,234	-	-	1,644,234
Leasehold improvements	1,039,391	41,456	-	1,080,847
Machinery and equipment	64,997	-	-	64,997
Furniture and equipment	23,016	-	-	23,016
Total capital assets being depreciated	2,771,638	41,456	-	2,813,094
Accumulated depreciation				
Buildings	556,712	61,944	-	618,656
Leasehold improvements	232,492	50,211	-	282,703
Machinery and equipment	63,797	2,867	-	66,664
Furniture and Equipment	20,213	2,522	-	22,735
Total accumulated depreciation	873,214	117,544	-	990,758
Total capital assets	\$ 2,099,887	\$ (76,088)	\$ -	\$ 2,023,799

# Housing Authority of Okanogan County

## Notes to Basic Financial Statements

December 31, 2013

### NOTE 6 — LONG-TERM DEBT:

**Caribou Trail Apartments:** The Board of Commissioners issued Resolution 1998-12 approving the acquisition of the Caribou Trail Apartments; authorizing the issuance, execution and delivery of a Bond in the form of a taxable Multifamily Note to the Washington Community Reinvestment Association in the original principal amount of \$340,000; and authorizing the issuance, execution and delivery of a Bond in the form of a taxable Promissory Note to the Washington State Department of Community, Trade and Economic Development (CTED) in the original amount up to \$515,000.

The Multifamily Note to the Washington Community Reinvestment Association has a term of thirty years (30); principal and interest is payable in monthly installments by electronic transfer. Monthly principal and interest payments are \$2,377.33, including interest at 7.5%; final payment is due in 2028.

The Promissory Note (\$515,000) to CTED (currently known Washington State Dept. of Commerce) Housing Trust Fund (HTF) was issued under the authority of RCW 35.82.020(11), RCW 35.82.130, RCW 35.82.140, RCW 35.82.150 and other applicable provisions of the Housing Authority Law. Interest is one percent compounded annually but does not accrue prior to June 30, 2028. Annual principal payments of \$5,000 will be due and payable each year for twenty-one consecutive years. Annual payments of \$21,654 will be due and payable beginning June 30, 2028 and for each subsequent year for twenty-one years thereafter. The CTED (Commerce) note will mature on June 30, 2048.

The following is a summary of the long-term liabilities transactions for Caribou Trail Apartments for the year ended December 31, 2013:

	Balance at January 1, 2013	Additions	Reductions	Balance at December 31, 2013	Due Within One Year
Note payable, WCRA	\$ 259,504	\$ -	\$ (9,384)	\$ 250,120	\$ 10,112
Note payable, WA State Dept. of Commerce HTF	485,000	-	(5,000)	480,000	5,000
	<u>\$ 744,504</u>	<u>\$ -</u>	<u>\$ (14,384)</u>	<u>\$ 730,120</u>	<u>\$ 15,112</u>

Minimum Payments are due as follows:

	Principal	Interest	Total
2014	\$ 15,112	\$ 18,416	\$ 33,528
2015	15,897	17,631	33,528
2016	16,743	16,785	33,528
2017	17,655	15,873	33,528
2018-2022	104,627	63,013	167,640
2023-2027	140,721	26,918	167,639
2028-2029	98,908	18,874	117,782
2033-2037	94,111	14,159	108,270
2038-2042	98,911	9,359	108,270
2043-2047	103,957	4,313	108,270
2048	23,478	235	23,713
	<u>\$ 730,120</u>	<u>\$ 205,576</u>	<u>\$ 935,696</u>

# Housing Authority of Okanogan County

## Notes to Basic Financial Statements

December 31, 2013

### NOTE 6 — LONG-TERM DEBT (continued):

**Twisp Gardens Apartments:** The Board of Commissioners issued Resolution 2003-09 and 2003-15 approving the acquisition of the Twisp Gardens Apartments; authorizing the issuance, execution and delivery of a Bond in the form of a taxable Promissory Note and Multi Family Housing Assumption Agreement to USDA Rural Development in the original amount of \$181,547; and authorizing the issuance, execution and delivery of a Bond in the form of a taxable Promissory Note to the CTED (currently known Washington State Dept. of Commerce) HTF in the original loan amount of \$159,500, and an original recoverable grant amount of up to \$467,799.

The Promissory Note to the USDA Rural Development has a term of fifty years (50); principal and interest is payable in monthly installments withheld from USDA Rural Development rental subsidy. Monthly principal and interest payment are \$939.20, with a monthly USDA RD interest subsidy payment of \$554.09 and a Housing Authority Borrower principal and interest payment of \$385.11. Interest is 5.875%; final payment is due on or before September 15, 2054.

The Promissory Note to CTED HTF (now known as the Washington State Dept. of Commerce) was issued under the authority of RCW 35.82.020(11), RCW 35.82.130, RCW 35.82.140, RCW 35.82.150 and other applicable provisions of the Housing Authority Law. The original loan amount of \$159,500 has a term of forty years (40); principal and interest is payable in quarterly installments beginning September 2005. Interest at 1% began accruing September 2004 increasing the principal loan amount to \$161,101. Quarterly principal and interest payments are \$1,248.41, with final payment due June 30, 2044. The Recoverable Grant WA State CTED (Commerce) HTF amount of up to \$467,799 shall be deferred for forty years (40) at zero % interest unto June 30, 2044. If at the end of the forty-year commitment period, all terms and conditions of the award have been met, the recoverable Grant will convert to a full grant on June 30, 2044 with no expectation of repayment. The Grant represents all costs associated with rehabilitation work that began FY 2005.

The following is a summary of the long-term liabilities transactions for Twisp Gardens Apartments for the year ended December 31, 2013:

	Balance at January 1, 2013	Additions	Reductions	Balance at December 31, 2013	Due Within One Year
Note payable, USDA RD	\$ 175,231	\$ -	\$ (1,002)	\$ 174,229	\$ 1,063
Note payable, WA State Dept. of Commerce HTF	134,790	-	(3,660)	131,130	3,696
Recoverable Grant WA State HTF	467,799	-	-	467,799	-
	<u>\$ 777,820</u>	<u>\$ -</u>	<u>\$ (4,662)</u>	<u>\$ 773,158</u>	<u>\$ 4,759</u>

# Housing Authority of Okanogan County

## Notes to Basic Financial Statements

December 31, 2013

### NOTE 6 — LONG-TERM DEBT (continued):

Accrued amortized interest from 2004/2005 was added into Long Term Payables to equal the amortization schedule for the Note Payable to WA State Dept. of Commerce, HTF.

Minimum payments for USDA RD and Department of Commerce HTF Notes Payable combined (not inclusive of the recoverable grant) are due as follows:

	Principal	Interest	Total
2014	\$ 4,759	\$ 11,505	\$ 16,264
2015	4,860	11,404	16,264
2016	4,966	11,298	16,264
2017	5,076	11,188	16,264
2018-2022	27,203	54,117	81,320
2023-2027	30,789	50,532	81,321
2028-2029	35,304	46,016	81,320
2033-2037	41,052	40,269	81,321
2038-2042	48,435	32,885	81,320
2043-2047	40,229	23,613	63,842
2048-2052	43,974	12,378	56,352
2053-2054	18,712	1,025	19,737
	<u>\$ 305,359</u>	<u>\$ 306,230</u>	<u>\$ 611,589</u>

**IronStraw Farmworker Housing** – The Board of Commissioners issued Resolution 2010-02 authorizing the acquisition of the IronStraw Farmworker Housing Project and assuming the existing promissory note of \$602,896, a recoverable grant of \$18,723, and authorizing additional loans of \$300,000, \$34,202, \$23,000, and \$7,738 with the Washington State Department of Commerce Housing Trust Fund. Acquisition occurred on March 26, 2010.

The loan is deferred for the remaining forty-two (42) years under the contract. The final payment shall be due and payable on October 31, 2052. The recoverable grant portion in the amount of \$18,723 will have no expectation of repayment if the terms and conditions of the contract are met through the term of commitment that ends October 31, 2052.

The following is a summary of the long-term liabilities transactions for IronStraw for the year ended December 31, 2013:

	Balance at January 1, 2013	Additions	Reductions	Balance at December 31, 2013	Due Within One Year
Note payable, WA State Dept. of Commerce HTF	\$ 967,836	\$ -	\$ -	\$ 967,836	\$ -
Recoverable Grant WA State HTF	18,723	-	-	18,723	-
	<u>\$ 986,559</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 986,559</u>	<u>\$ -</u>

# Housing Authority of Okanogan County

## Notes to Basic Financial Statements

December 31, 2013

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### **NOTE 6 — LONG-TERM DEBT (continued):**

**North Cascades National Bank – Land Purchase:** The HAOC Board of Commissioners approved the acquisition of land for the Pine Meadows Project and authorized a promissory note of \$100,000 with North Cascades National Bank. Acquisition occurred on July 29, 2010. In January 2012, HAOC sold 1.5 parcels of the land to the newly formed non-profit, Pine Meadows Senior Housing for \$76,500. The balance of the NCNB loan was paid off with Okanogan County 2060 Recording Fee Grant. HAOC retains ownership of the remaining 1.5 parcels in its General Fund.

### **NOTE 7 — TEMPORARILY RESTRICTED NET POSITION:**

Temporarily restricted net position of \$447,305 consists of funds received from governmental agencies, which are restricted for providing housing assistance to qualifying individuals and families, administrative, operating, and capital reserves.

### **NOTE 8 — OPERATING LEASES:**

HAOC leases office space under a month-to-month agreement. This lease is considered an operating lease for accounting purposes. Lease expense for the year ended December 31, 2013 amounted to \$9,600.

### **NOTE 9 — PENSION PLAN:**

All permanent, full time employees (40 hours week) are eligible for 7.5 percent of their gross annual earnings to be contributed to an Individual Retirement Account (IRA). This is in addition to their annual earnings and is treated as additional earnings with employee payroll taxes withheld and company payroll taxes incurred. Currently, the employee sets up his/her IRA. This arrangement for Pension Plan can change with notice from the Board of Commissioners 90 days prior to calendar year end. Beginning in 2013, full time employee definition was changed to 32 hours per week.

# Housing Authority of Okanogan County

## Notes to Basic Financial Statements

December 31, 2013

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### **NOTE 10 — PARTICIPATION IN HOUSING AUTHORITY RISK RETENTION POOL:**

HAOC is a member of the Housing Authority Risk Retention Pool (HARRP). Chapter 48.62 RCW authorizes the governing body of any one or more governmental entities to form together into or join a pool or organization for the joint purchasing of insurance, and/or joint self-insuring, and/or joint hiring or contracting for risk management services to the same extent that they may individually purchase insurance, self-insure, or hire or contract for risk management services. An agreement to form a pooling arrangement was made pursuant to the provisions of Chapter 39.34 RCW, the Inter-local Cooperation Act. The pool was formed on March 1, 1987 when public housing authority's (PHA's) in the State of Washington joined together by signing an Inter-local Governmental Agreement to pool their self-insured losses and jointly purchase insurance and administrative services. Thirty-two Washington PHA's have joined the pool, along with forty-three PHA's in Oregon, California and Nevada.

The pool allows members to establish a plan of self-insurance, jointly purchase insurance coverage and to provide such related services as risk management and loss control. Coverage for public official liability is on a "claims made basis." All other coverage is on an "occurrence" basis. The pool provides the following forms of pool purchased insurance coverage for its members:

- The PHA's jointly self-insure the first \$300,000 per occurrence of their general liability, errors & omissions and property exposures and the pool purchases \$2,700,000 in reinsurance.
- The Auto Liability program self-insures the first \$100,000 per claim and the pool purchases excess insurance up to \$1,900,000.

Members make an annual contribution based upon an actuarial study to fund the pool. Members have no individual deductible in the General Liability and Auto Liability programs. In regard to the Errors & Omissions coverage, members carry a deductible of 1/10th of each loss subject to a minimum of \$2,500 and a maximum of \$25,000 for each claim. They may choose a \$1,000, \$2,500, \$5,000, \$10,000 or \$25,000 per occurrence deductible in the Property program. Since the pool is a cooperative effort, any claims falling within HARRP's self-insured retention will be paid from the pooled funds contributed by all the members.

Each new member pays the pool a non-refundable membership fee. This amount covers the member's share of organizational expenses and the cost of analyzing their loss data and risk profile. Members contract to remain in the pool for a minimum of three years, and must give notice 30 days before terminating participation. The Inter-local Governmental Agreement is renewed automatically each year after the initial three year period. The annual premium is calculated to cover all anticipated expenses. Any shortfall will be covered by the pool surplus and reserves; there is no additional assessment feature in the Agreement.

The pool is fully funded by its member participants. Claims are filed by members with HARRP. HARRP maintains a full time staff including an Executive Director, a Risk Manager and employees providing appropriate support.

HARRP is governed by a Board of Directors consisting of representatives from nine member PHA's. Three Directors are elected from among the PHA members of the Association of Washington Housing Authorities; three from PHA members of the Association of Oregon Housing Authorities; and three from PHA members of the Northern California/Nevada Executive Directors Association. The Board meets at least once each quarter to conduct the business affairs of HARRP. Standing committees established by the Board are:

- Management Committee
- Claims/Loss Management Committee
- Insurance/Underwriting Committee
- Audit Committee

HAOC has opted to have the \$1,000,000 excess Auto Liability insurance and has chosen the \$1,000 per occurrence deductible in the Property insurance option.

HAOC has had no insurance settlement within the last three years that exceeded insurance coverage.

# Housing Authority of Okanogan County

## Notes to Basic Financial Statements

December 31, 2013

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### **NOTE 11— CONTINGENCIES AND LITIGATION:**

The Authority participates in a number of federal and state assisted programs. These grants are subject to audit by the grantors or their representatives. Such audits could result in request for reimbursement to grantor agencies for expenditures disallowed under the terms of the grants. Housing Authority management believes that such disallowances, if any, will be immaterial.

Periodically the Authority receives funding from the State of Washington Department of Commerce that is used to purchase and construct land and buildings. The Department of Commerce maintains the right to be reimbursed for this funding if the Authority is in violation of any terms or conditions of the contracts. At year end, the Authority's management is not aware of any violations of Department of Commerce requirements. As of December 31, 2013, these amounts total \$2,065,488.

The Authority's financial statements include all material liabilities. There are no material contingent liabilities to record.

### **NOTE 12— SUBSEQUENT EVENTS:**

The Housing Authority (HA) was approached by the Summit Group to acquire and renovate three LIHTC projects which have ended their respective 15-year tax credit commitments. The projects have Rural Development rental assistance. The projects include: Peachtree Place Apts. in Brewster (24 units); Elmwood Apts. in Okanogan (20 units); and North Valley II Apts. in Omak (23 units). A total of 67 units will be preserved. By buying out the equity on these three existing properties the HA would acquire the existing USDA RD loan with rental subsidy. In January 2013 the HA submitted a Phase I application to the Washington State Department of Commerce, Housing Trust Fund in the amount of \$1,667,193 to buy out the equity of the three projects. The project was not selected, and an application was resubmitted in January 2014. The HA is reviewing the feasibility of obtaining funding through USDA RD 538 funding for if the project is not selected by the Washington State Department of Commerce, Housing Trust Fund.

# **SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**For the Year Ended December 31, 2013**

Federal Agency Name/Pass-Through Agency Name	Federal Program Name	CFDA Number	Other Award Number	Expenditures			Footnote Ref
				From Pass-Through Awards	From Direct Awards	Total Amount	
Rural Housing Service, Department Of Agriculture/	Rural Rental Housing Loans	10.415	56-024-91169473-010		174,229	174,229	
Rural Housing Service, Department Of Agriculture/	Rural Rental Housing Loans	10.415	Interest Subsidy		6,649	6,649	
<b>Total CFDA 10.415</b>				<b>0</b>	<b>180,878</b>	<b>180,878</b>	
Rural Housing Service, Department Of Agriculture/	Rural Rental Assistance Payments	10.427	56-024-91169473-010		66,176	66,176	
Office Of Housing-federal Housing Commissioner, Department Of Housing And Urban Development/	Supportive Housing for Persons with Disabilities	14.181	WA071DV0013		371,451	371,451	
Office Of Community Planning And Development, Department Of Housing And Urban Development/State of WA Department of Commerce	Home Investment Partnerships Program	14.239	F-12-47101-111 and F-13-47101-111	166,153		166,153	
Office Of Public And Indian Housing, Department Of Housing And Urban Development/	Section 8 Housing Choice Vouchers	14.871	WA071DV0013		806,928	806,928	
<b>Total Federal Awards Expended:</b>				<b>166,153</b>	<b>1,425,433</b>	<b>1,591,586</b>	

The accompanying notes to the Schedule of Expenditures are an integral part of this schedule



**Housing Authority of Okanogan County**  
**Notes to Schedule of Expenditures of Federal Awards**  
**December 31, 2013**

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***Note 1 – BASIS OF ACCOUNTING:***

The Schedule of Expenditures of Federal Awards is prepared on the same basis of accounting as HAOC's financial statements. HAOC conforms to generally accepted accounting principles.

***Note 2 – PROGRAM COSTS:***

The amounts show as federal expenditures for the Housing Choice Voucher Program (CFDA 14.871) represents grant portions of the program costs. Entire program costs, including HAOC's portion totaled \$864,206.

The amounts shown as federal expenditures for the Supportive Housing for Persons with Disabilities (5-Year MainStream) Program (CFDA 14.181) represents grant portions of the program costs. Entire program costs, including HAOC's portion, totaled \$382,056.

The amounts show as federal expenditures for the Washington State (Department of Commerce) HOME Tenant Based Rental Assistance (TBRA) Program (CFDA 14.239) represent grant portions of the program costs. Entire program costs, including HAOC's portion, totaled \$172,809.

The amounts shown as federal expenditures for the USDA Rural Development under the Federal Awards represents grant portions of the program costs for the Twisp Gardens Apartments (CFDA 10.415 and 10.427). Included are outstanding loan balance at year-end, annual interest subsidy per USDA RD loan agreement, and rental assistance payments. Entire program costs, including HAOC's portion, totaled \$129,467.

# Housing Authority of Okanogan County

## Financial Data Schedules

### December 31, 2013

Line Item #	Account description	Housing Choice Voucher 14,871	Supportive Housing Mainstream 14,181	TBRA HUD Passthru State 14,239	USDA Twisp Gardens Rural Rental Housing 10,415/10,427	Total State and Local 14,850	Total	Eliminating Entries	Total
111	Cash - unrestricted	\$ 54,985	\$ 43,160	\$ -	\$ 41,363	\$ 99,713	\$ 239,221	\$ -	\$ 239,221
112	Cash - restricted - modernization and development	-	-	-	-	-	-	-	-
113	Cash - other restricted	55,472	108,787	-	61,077	91,697	317,033	-	317,033
114	Cash - tenant security deposits	-	-	-	7,538	12,807	20,345	-	20,345
115	Cash - restricted for payment of current liabilities	-	-	-	-	-	-	-	-
100	Total cash	110,457	151,947	-	109,978	204,217	576,599	-	576,599
121	Accounts receivable - PHA projects	-	-	-	-	675	675	-	675
122	Accounts receivable - HUD other projects	-	-	-	-	-	-	-	-
124	Accounts receivable - other government	-	-	1,490	-	4,216	5,706	-	5,706
125	Accounts receivable - miscellaneous	-	-	-	-	-	-	-	-
126	Accounts receivable - tenants - dwelling rents	460	366	467	218	11,239	12,750	-	12,750
126.1	Allowance for doubtful accounts - dwelling rents	-	-	-	-	-	-	-	-
126.2	Allowance for doubtful accounts - other	-	-	-	-	-	-	-	-
127	Notes, loans and mortgages receivable - current	-	-	-	-	-	-	-	-
128	Fraud recovery	-	-	-	-	-	-	-	-
128.1	Allowance for doubtful accounts - fraud recovery	-	-	-	-	-	-	-	-
129	Accrued interest receivable	-	-	-	-	-	-	-	-
120	Total receivables, net of allow. for doubtful accts.	460	366	1,957	218	16,130	19,131	-	19,131
131	Investments - unrestricted	-	-	-	-	-	-	-	-
132	Investments - restricted	-	-	-	-	131,436	131,436	-	131,436
135	Investments - restricted for pmnt of current liability	-	-	-	-	-	-	-	-
142	Prepaid expenses and other assets	-	-	-	-	40	40	-	40
143	Inventories	-	-	-	-	-	-	-	-
143.1	Allowance for obsolete inventories	-	-	-	-	-	-	-	-
144	Inter program due from	-	-	-	-	1,016	1,016	(1,016)	-
145	Assets held for sale	-	-	-	-	-	-	-	-
150	Total current assets	110,917	152,313	1,957	110,196	352,839	728,222	(1,016)	727,206

# Housing Authority of Okanogan County

## Financial Data Schedules

### December 31, 2013

Line Item #	Account description	Housing Choice Voucher 14,871	Supportive Housing Mainstream 14,181	TBRA HUD Passthru State 14,239	USDA Twisp Gardens Rural Rental Housing 10,415/10,427	Total State and Local 14,850	Total	Eliminating Entries	Total
161	Land	\$ -	\$ -	\$ -	\$ 62,000	\$ 139,463	\$ 201,463	\$ -	\$ 201,463
163	Buildings	-	-	-	401,800	1,242,434	1,644,234	-	1,644,234
163	Furniture, equipment & machinery - dwellings	-	-	-	16,447	48,550	64,997	-	64,997
164	Furniture, equipment & machinery - administration	23,016	-	-	-	-	23,016	-	23,016
165	Leasehold improvements	-	-	-	497,364	583,483	1,080,847	-	1,080,847
166	Accumulated depreciation	(20,424)	-	-	(332,539)	(637,795)	(990,758)	-	(990,758)
167	Construction in progress	-	-	-	-	-	-	-	-
168	Infrastructure	-	-	-	-	-	-	-	-
160	Total capital assets, net of accum. depreciation	2,592	-	-	645,072	1,376,135	2,023,799	-	2,023,799
171	Notes, loans and mortgages receivable - non-current	-	-	-	-	-	-	-	-
	Notes, loans and mortgages receivable -	-	-	-	-	-	-	-	-
172	non-current - past due	-	-	-	-	-	-	-	-
173	Grants receivable - non-current	-	-	-	-	-	-	-	-
174	Other assets	-	-	-	-	-	-	-	-
176	Investments in joint ventures	-	-	-	-	-	-	-	-
180	Total non-current assets	2,592	-	-	645,072	1,376,135	2,023,799	-	2,023,799
190	Total assets	\$ 113,509	\$ 152,313	\$ 1,957	\$ 755,268	\$ 1,728,974	\$ 2,752,021	\$ (1,016)	\$ 2,751,005

# Housing Authority of Okanogan County

## Financial Data Schedules

### December 31, 2013

Line Item #	Account description	Housing Choice Voucher 14,871	Supportive Housing Mainstream 14,181	TBRA HUD Passthru State 14,239	USDA Twisp Gardens Rural Rental Housing 10,415/10,427	Total State and Local 14,850	Total	Eliminating Entries	Total
311	Bank overdraft	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
312	Accounts payable less than 90 days	1,360	199	82	2,530	4,695	8,866	-	8,866
313	Accounts payable greater than 90 days	-	-	-	-	-	-	-	-
321	Accrued wages / payroll taxes payable	-	-	-	363	5,995	6,358	-	6,358
322	Accrued compensated absences - current portion	3,156	1,459	581	-	3,108	8,304	-	8,304
324	Accrued contingency liability	-	-	-	-	-	-	-	-
325	Accrued interest payable	-	-	-	-	-	-	-	-
331	Accounts payable - HUD PHA programs	-	-	-	-	-	-	-	-
332	Accounts payable - PHA projects	-	-	-	-	-	-	-	-
333	Accounts payable - other government	-	-	-	-	39	39	-	39
341	Tenant security deposits	-	-	-	7,517	14,955	22,472	-	22,472
342	Deferred revenues	-	-	-	134	129	263	-	263
	Current portion of long-term debt -								
343	capital projects/mortgage revenue bonds	-	-	-	4,759	15,112	19,871	-	19,871
344	Current portion of long-term debt - op. borrowings	-	-	-	-	-	-	-	-
345	Other current liabilities	-	-	-	-	-	-	-	-
346	Accrued liabilities - other	-	-	-	-	-	-	-	-
347	Inter program - due to	-	-	-	-	-	-	-	-
348	Loan liability - current	-	-	1,016	-	-	1,016	(1,016)	-
310	Total current liabilities	4,516	1,658	1,679	15,303	44,033	67,189	(1,016)	66,173

# Housing Authority of Okanogan County

## Financial Data Schedules

### December 31, 2013

Line Item #	Account description	Housing Choice Voucher	Supportive Housing Mainstream	TBRA HUD Passthru State	USDA Twisp Gardens Rural Rental Housing	Total State and Local	Total	Eliminating Entries	Total
		14,871	14,181	14,239	10,415/10,427	14,850			
	Long-term debt, net of current -								
351	capital projects/mortgage revenue bonds	\$ -	\$ -	\$ -	\$ 768,399	\$ 1,701,567	\$ 2,469,966	\$ -	\$ 2,469,966
352	Long-term debt, net of current - operating borrowings	-	-	-	-	-	-	-	-
353	Non-current liabilities - other	-	-	-	-	-	-	-	-
354	Accrued compensated absences - non-current	1,508	873	278	-	1,309	3,968	-	3,968
355	Loan liability - non-current	-	-	-	-	-	-	-	-
356	FASB 5 liabilities	-	-	-	-	-	-	-	-
357	Accrued pension and OPEB liabilities	-	-	-	-	-	-	-	-
350	Total non-current liabilities	1,508	873	278	768,399	1,702,876	2,473,934	-	2,473,934
300	Total liabilities	6,024	2,531	1,957	783,702	1,746,909	2,541,123	(1,016.00)	2,540,107
508.1	Invested in capital assets, net of related debt	2,592	-	-	(128,086)	(340,544)	(466,038)	-	(466,038)
509.2	Net position reserved	-	-	-	-	-	-	-	-
511.2	Unreserved, designated net position	-	-	-	-	-	-	-	-
511.1	Restricted net assets	55,513	108,462	-	61,077	223,134	448,186	-	448,186
512.1	Unrestricted net assets	49,380	41,320	-	38,575	99,475	228,750	-	228,750
512.2	Unreserved, undesignated fund balance	-	-	-	-	-	-	-	-
513	Total equity/net assets	107,485	149,782	-	(28,434)	(17,935)	210,898	-	210,898
600	Total liabilities and equity/net assets	\$ 113,509	\$ 152,313	\$ 1,957	\$ 755,268	\$ 1,728,974	\$ 2,752,021	\$ (1,016)	\$ 2,751,005

# Housing Authority of Okanogan County

## Financial Data Schedules

### December 31, 2013

Line Item #	Account description	Housing Choice Voucher 14,871	Supportive Housing Mainstream 14,181	TBRA HUD Passthru State 14,239	USDA Twisp Gardens Rural Rental Housing 10,415/10,427	Total State and Local 14,850	Eliminating Entries	Total
70300	Net tenant rental revenue	\$ -	\$ -	\$ -	\$ 106,604	\$ 134,897	\$ -	\$ 241,501
70400	Tenant revenue - other	-	-	-	1,523	6,214	-	7,737
70500	Total tenant revenue	-	-	-	108,127	141,111	-	249,238
70600	HUD PHA operating grants	806,928	371,451	-	-	-	-	1,178,379
70610	Capital grants	-	-	-	-	-	-	-
70710	Management fee	-	-	-	-	-	-	-
70720	Asset management fee	-	-	-	-	-	-	-
70730	Bookkeeping fee	-	-	-	-	-	-	-
70740	Front line service fee	-	-	-	-	-	-	-
70750	Other fees	-	-	-	-	-	-	-
70700	Total fee revenue	806,928	371,451	-	-	-	-	1,178,379
70800	Other government grants	-	-	166,153	6,649	36,436	-	209,238
71100	Investment income - unrestricted	14	8	-	36	44	-	102
71200	Mortgage interest income	-	-	-	-	-	-	-
71300	Proceeds from disposition of assets held for sale	-	-	-	-	-	-	-
71310	Cost of sale of assets	-	-	-	-	-	-	-
71400	Fraud recovery	160	35	320	-	-	-	515
71500	Other revenue	52,458	-	2,431	-	41,267	-	96,156
71600	Gain or loss on sale of capital assets	-	-	-	-	-	-	-
72000	Investment income - restricted	8	13	-	113	257	-	391
70000	Total revenue	\$ 859,568	\$ 371,507	\$ 168,904	\$ 114,925	\$ 219,115	\$ -	\$ 1,734,019

# Housing Authority of Okanogan County

## Financial Data Schedules

### December 31, 2013

Line Item #	Account description	Housing Choice Voucher 14,871	Supportive Housing Mainstream 14,181	TBRA HUD Passthru State 14,239	USDA Twisp Gardens Rural Rental Housing 10,415/10,427	Total State and Local 14,850	Eliminating Entries	Total
91100	Administrative salaries	\$ 67,930	\$ 39,308	\$ 13,811	\$ -	\$ 57,078	\$ -	\$ 178,127
91200	Auditing fees	8,397	5,835	-	571	951	-	15,754
91300	Management fee	-	-	-	10,700	15,516	-	26,216
91310	Bookkeeping fee	-	-	-	-	-	-	-
91400	Advertising and marketing	101	83	-	97	543	-	824
91500	Employee benefit contributions - administrative	-	-	-	-	-	-	-
91600	Office expenses	14,653	9,569	1,280	4,490	5,025	-	35,017
91700	Legal expense	160	90	280	84	505	-	1,119
91800	Travel	2,855	1,785	308	237	1,497	-	6,682
91810	Allocated overhead	-	-	-	-	-	-	-
91900	Other	5,258	1,748	148	142	3,519	-	10,815
91000	Total operating - administrative	99,354	58,418	15,827	16,321	84,634	-	274,554
92000	Asset management fee	-	-	-	4,500	-	-	4,500
92100	Tenant services - salaries	-	-	-	8,725	-	-	8,725
92200	Relocation costs	-	-	-	-	-	-	-
92300	Employee benefit contributions - tenant services	-	-	-	-	-	-	-
92400	Tenant services - other	-	-	-	548	-	-	548
92500	Total tenant services	-	-	-	13,773	-	-	13,773

# Housing Authority of Okanogan County

## Financial Data Schedules

### December 31, 2013

Line Item #	Account description	Housing Choice Voucher 14,871	Supportive Housing Mainstream 14,181	TBRA HUD Passthru State 14,239	USDA Twisp Gardens Rural Rental Housing 10,415/10,427	Total State and Local 14,850	Total	Eliminating Entries	Total
93100	Water	\$ -	\$ -	\$ -	\$ 8,716	\$ 31,305	\$ 40,021	\$ -	\$ 40,021
93200	Electricity	-	-	-	869	6,203	7,072	-	7,072
93300	Gas	-	-	-	-	-	-	-	-
93400	Fuel	-	-	-	-	-	-	-	-
93500	Labor	-	-	-	-	-	-	-	-
93600	Sewer	-	-	-	9,294	-	9,294	-	9,294
93700	Employee benefit contributions - utilities	-	-	-	-	-	-	-	-
93800	Other utilities expense	-	-	-	4,572	5,784	10,356	-	10,356
93000	Total utilities	-	-	-	23,451	43,292	66,743	-	66,743
94100	Ordinary maintenance and operations - labor	-	-	-	9,182	20,051	29,233	-	29,233
94200	Ordinary maint. and operations - materials and other	-	-	-	5,745	18,790	24,535	-	24,535
94300	Ordinary maintenance and operations contracts	-	-	-	1,355	17,546	18,901	-	18,901
94500	Employee benefit contributions - ordinary maint.	-	-	-	-	-	-	-	-
94000	Total maintenance	-	-	-	16,282	56,387	72,669	-	72,669
95100	Protective services - labor	-	-	-	-	-	-	-	-
95200	Protective services - other contract costs	-	-	-	-	-	-	-	-
95500	Employee benefit contributions - protective services	-	-	-	-	-	-	-	-
95000	Total protective services	-	-	-	-	-	-	-	-
96110	Property insurance	-	-	-	1,602	1,016	2,618	-	2,618
96120	Liability insurance	629	478	304	579	2,846	4,836	-	4,836
96130	Workmen's compensation	-	-	-	-	-	-	-	-
96140	All other insurance	-	-	-	-	-	-	-	-
96100	Total insurance premiums	\$ 629	\$ 478	\$ 304	\$ 2,181	\$ 3,862	\$ 7,454	\$ -	\$ 7,454



# Housing Authority of Okanogan County

## Financial Data Schedules

### December 31, 2013

Line Item #	Account description	Housing Choice Voucher	Supportive Housing Mainstream	TBRA HUD Passthru State	USDA Twisp Gardens Rural Rental Housing	Total State and Local	Eliminating Entries	Total
		14,871	14,181	14,239	10,415/10,427	14,850		
96200	Other general expenses	\$ -	\$ -	\$ -	\$ 5,151	\$ -	\$ -	\$ 5,151
96210	Compensated absences	(1,522)	148	859	-	(450)	-	(965)
96300	Payments in lieu of taxes	-	-	-	-	-	-	-
96400	Bad debt - tenant rents	-	-	-	-	-	-	-
96500	Bad debt - mortgages	-	-	-	-	-	-	-
96600	Bad debt - other	-	-	-	-	-	-	-
96800	Severance expense	-	-	-	-	-	-	-
96000	Total other general expenses	(1,522)	148	859	5,151	(450)	-	4,186
96710	Interest of mortgage (or bonds) payable	-	-	-	11,602	19,144	-	30,746
96720	Interest on notes payable (short and long-term)	-	-	-	-	-	-	-
96730	Amortization of bond issue costs	-	-	-	-	-	-	-
96700	Total interest expense and amortization cost	-	-	-	11,602	19,144	-	30,746
96900	Total operating expenses	98,461	59,044	16,990	88,761	206,869	-	470,125
97000	Excess of operating revenue over operating expenses	761,107	312,463	151,914	26,164	12,246	-	1,263,894
97100	Extraordinary maintenance	-	-	-	-	-	-	-
97200	Casualty losses - non-capitalized	-	-	-	-	-	-	-
97300	Housing assistance payments	717,776	323,012	155,819	20	-	-	1,196,627
97350	HAP portability-in	47,758	-	-	-	-	-	47,758
97400	Deprecation expense	211	-	-	40,686	76,647	-	117,544
97500	Fraud losses	-	-	-	-	-	-	-
97600	Capital outlays - governmental funds	-	-	-	-	-	-	-
97700	Debt principal payment - governmental funds	-	-	-	-	-	-	-
97800	Dwelling units rent expense	-	-	-	-	-	-	-
90000	Total expenses	864,206	382,056	172,809	129,467	283,516	-	1,832,054

# Housing Authority of Okanogan County

## Financial Data Schedules

### December 31, 2013

Line Item #	Account description	Housing Choice Voucher 14,871	Supportive Housing Mainstream 14,181	TBRA HUD Passthru State 14,239	USDA Twisp Gardens Rural Rental Housing 10,415/10,427	Total State and Local 14,850	Eliminating Entries	Total
10010	Operating transfer in	\$ -	\$ -	\$ 881	-	\$ -	\$ -	\$ -
10020	Operating transfer out	-	-	-	-	(881)	-	-
10030	Operating transfers from/to primary government	-	-	-	-	-	-	-
10040	Operating transfers from/to component unit	-	-	-	-	-	-	-
10050	Proceeds from notes, loans and bonds	-	-	-	-	-	-	-
10060	Proceeds from property sales	-	-	-	-	-	-	-
10070	Extraordinary items, net gain/loss	-	-	-	-	-	-	-
10080	Special items (net gain/loss)	-	-	-	-	-	-	-
10091	Inter project excess cash transfer in	-	-	-	-	-	-	-
10092	Inter project excess cash transfer out	-	-	-	-	-	-	-
10093	Transfers between program and project - in	-	-	-	-	-	-	-
10094	Transfers between program and project - out	-	-	-	-	-	-	-
10100	Total other financing sources (uses)	-	-	881	-	(881)	-	-
10000	Excess(deficiency) of total revenue over(under) total expenses	\$ (4,638)	\$ (10,549)	\$ (3,024)	\$ (14,542)	\$ (65,282)	\$ -	\$ (98,035)

# Housing Authority of Okanogan County

## Financial Data Schedules

### December 31, 2013

Line Item #	Account description	Housing Choice Voucher 14,871	Supportive Housing Mainstream 14,181	TBRA HUD Passthru State 14,239	USDA Twisp Gardens Rural Rental Housing 10,415/10,427	Total State and Local 14,850	Total	Eliminating Entries	Total
11020	Required annual debt principal payments	\$ -	\$ -	\$ -	\$ 4,759	\$ 15,112	\$ 19,871	\$ -	\$ 19,871
11030	Beginning equity	112,123	160,331	3,024	(13,892)	47,347	308,933	-	308,933
11040	Prior period adjusts, equity transfers and corrections	-	-	-	-	-	-	-	-
11050	Changes in compensated absence balance	-	-	-	-	-	-	-	-
11060	Changes in contingent liability balance	-	-	-	-	-	-	-	-
11070	Changes in unrecognized pension transition liability	-	-	-	-	-	-	-	-
11080	Changes in special term/severance benefits liability	-	-	-	-	-	-	-	-
11090	Changes in allow. doubtful accounts - dwelling rents	-	-	-	-	-	-	-	-
11100	Changes in allowance for doubtful accounts - other	-	-	-	-	-	-	-	-
11170	Administrative fee equity	51,972	41,320	-	-	-	93,292	-	93,292
11180	Housing assistance payments equity	55,513	108,462	-	-	-	163,975	-	163,975
11190	Unit months available	1,980	900	296	204	360	3,740	-	3,740
11210	Number of unit months leased	1,759	878	296	204	322	3,459	-	3,459
11270	Excess cash	-	-	-	-	-	-	-	-
11610	Land purchases	-	-	-	-	-	-	-	-
11620	Building purchases	-	-	-	-	-	-	-	-
11630	Furniture and equipment - dwelling purchases	-	-	-	-	-	-	-	-
11640	Furniture and equipment - administrative purchases	-	-	-	-	-	-	-	-
11650	Leasehold improvements purchases	-	-	-	-	-	-	-	-
11660	Infrastructure purchases	-	-	-	-	-	-	-	-
13510	CFFP debt service payments	-	-	-	-	-	-	-	-
13901	Replacement housing factor funds	-	-	-	-	-	-	-	-

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We work with our audit clients and citizens to achieve our vision of government that works for citizens, by helping governments work better, cost less, deliver higher value, and earn greater public trust.

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